

**PROPOSED DEVELOPMENTAL BYLAWS**  
**FOR**  
**GRID WEST**

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## EXHIBITS

Exhibit A     Employees Conduct Rules

Exhibit B1   Conduct Rules For Interim Board of Trustees

Exhibit B2   Conduct Rules for Developmental Board of Trustees

Exhibit C     List of Regional Representatives Group Members [to come later]

Exhibit D     Operational Bylaws [to come later]

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<u>Exhibit E</u>	<u>Illustrative Member Vote Calculation Example</u>
<u>Exhibit F</u>	<u>Narrative Description of RRG Platform Group Regional Proposal [to come later]</u>
<u>Exhibit G</u>	<u>Development Staging Table [to come later]</u>

## **ARTICLE I**

### **GENERAL PROVISIONS**

1.1 Defined Terms. For purposes of these Developmental Bylaws, the following terms shall be defined as follows:

1.1.1 “Affiliate” of a Person means a Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such Person. For purposes of these Developmental Bylaws, in determining whether one Person controls another Person: (i) without limitation, the direct or indirect ownership or control of or power to vote five percent (5%) or more of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation; provided, however, that in the case of any Person that is a public utility that owns an interest in an Independent Transmission Company and has divested ownership of its electric transmission system, such Person and the Independent Transmission Company shall not be considered Affiliates; (ii) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of each other or of the cooperative corporation; (iii) members of any joint operating agency, joint powers authority, joint operating entity, or comparable entity shall not, merely by virtue of membership in such joint operating agency, joint operating entity, joint powers authority, joint operating entity, or ~~other such comparable~~ entity, be considered Affiliates of each other or of the joint operating agency, joint powers authority, joint operating entity, or ~~other such comparable~~ entity; (iv) separate agencies of a state, a province, or the federal government shall not be considered Affiliates, regardless of any commonality of political control; and (v) no Crown-owned utility shall be considered an Affiliate of any State or Provincial Energy Authority.

1.1.2 “Articles of Incorporation” means the Articles of Incorporation of the Corporation, as amended from time to time.

1.1.3 “Certain Public Interest Groups” is any entity that (i) is a public interest membership organization that is qualified under Section 501(c)(3) of the Internal Revenue Code (or, for Canadian organizations, analogous Canadian law); (ii) is an environmental organization, demand-side management advocacy organization, energy efficiency advocacy organization, or renewable energy advocacy organization; (iii) has an office within the Geographic Area; and (iv) is not a Major Transmitting Utility, Transmission-Dependent Utility, Generators, Power Marketers, and Others, End-Use Consumer, State or Provincial Energy Authority, or Tribe.

1.1.4 “Consumer Advocate” means a Person that has been recognized, designated, or funded by or through applicable law or a State or Provincial Regulatory Authority (or other agency of a Participating Jurisdiction) for purposes of representing the interests of end-use consumers in regulatory proceedings within the applicable Participating Jurisdiction.

1.1.5 “Corporation” means Grid West, a Washington nonprofit corporation formed under the Washington Nonprofit Corporation Act, RCW Chapter 24.03, formerly known as RTO West.

1.1.6 “Developmental Board of Trustees” or “Developmental Board” means the Board of Trustees of the Corporation (other than the Interim Board of Trustees) during the time the Developmental Bylaws are in effect and, subject to the Operational Bylaws, which may continue to serve until the Operational Board is elected.

1.1.7 “Developmental Bylaws” means these bylaws, which govern the activities of the Developmental Board of Trustees, as may be amended pursuant to Section 7.2.6.

1.1.8 “Developmental Stage” means the period of time in that the Developmental Bylaws are in effect.

1.1.9 “End-Use Consumer” means a Large Bundled End-Use Consumer, a Large Unbundled End-Use Consumer, or a Consumer Advocate.

1.1.10 “FERC” means the Federal Energy Regulatory Commission, or any successor agency.

1.1.11 “FPA” means the Federal Power Act, 16 USC § 792 et seq., as amended from time to time.

1.1.12 “Funding Agreement” means that certain funding agreement that is effective as of the election of the Developmental Board of Trustees and continues through the remainder of the Developmental Stage entered into by the Corporation and two (2) or more Major Transmitting Utilities to fund the Corporation’s activities following the election of the Developmental Board of Trustees.

1.1.13 “Generator” means any entity, including, but not limited to:

(i) an Exempt Wholesale Generator (“EWG”) as such term is defined in Section 32(a)(1) of the Public Utility Holding Company Act of 1935, 15 USC § 79z-5a(a)(1);

(ii) an Independent Power Producer, which means any nonutility generator that is involved in the ownership or operation of one or more electric generating facilities on a merchant plant basis;

(iii) a Qualifying Small Power Producer as such term is defined in Section 3(17)(D) of the FPA, 16 USC § 796(17)(D); or

(iv) a Qualifying Cogenerator as such term is defined in Section 3(18)(C) of the FPA, 16 USC § 796(18)(C).

that owns, leases, or otherwise exercises operational control over one or more electric generating facilities each with a generating capability of at least one (1) MW, and which facilities are located in or dynamically scheduled into (including any electric generating facility on which



significant construction has been completed and that is either located in or, when operational, will be dynamically scheduled into) the Geographic Area; provided, however, that no Power Marketer shall be deemed to be a Generator solely by virtue of its exercise of operational control over any electric generating facility.

1.1.14 “Generators, Power Marketers, and Others” means any entity (including but not limited to any Generator or Power Marketer), other than a Major Transmitting Utility, Transmission-Dependent Utility, End-Use Consumer, State or Provincial Energy Authority, Tribe, or Certain Public Interest Groups, that (i) is (A) engaged in purchases or sales of electric power that is scheduled for delivery within, into, or from the Geographic Area; and (B) entitled to apply to FERC for an order requiring interconnection or transmission services pursuant to Sections 210 or 211 of the FPA, or that would be entitled to apply for such an order were it doing business within the United States, or that is a marketing affiliate of any such non-U.S. entity seeking transmission services, or that receives interconnection or transmission services from a Canadian transmission provider, or (ii) is a Market Exchange Operator conducting business in such capacity within the Geographic Area.

1.1.15 “Geographic Area” means the portions of the provinces of Alberta and British Columbia and the states of Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming that are electrically within the Western Interconnection, together with any additional geographic territory within the state of California that is encompassed by the control areas of the Bonneville Power Administration, PacifiCorp, and Sierra Pacific Power Company as of the effective date of these Developmental Bylaws.

1.1.16 “Governmental Committee” has the meaning specified in Section 4.2.

1.1.17 “Grid West Web site” means an internet site through which the Corporation makes available information and notices concerning its business, operations, and services.

1.1.18 “Independent Transmission Company” means a transmission company meeting the independence requirements established by FERC Order No. 2000 and all supplements and amendments thereto issued by FERC.

1.1.19 “Interim Board of Trustees” or “Interim Board” means the Interim Board of Trustees as defined in Section 7.1.

1.1.20 “Large Bundled End-Use Consumer” means an end-use consumer of electric power that

(i) is not a Major Transmitting Utility, Transmission Dependent Utility, Generators, Power Marketers, and Others (except as otherwise permitted under Section 5.2.3(iv)), State or Provincial Energy Authority, Tribe, or Certain Public Interest Groups;

(ii) ~~\_\_\_\_\_~~ individually and together with all of its Affiliates had, during the calendar year immediately preceding the relevant time, an aggregate retail electric load within the Geographic Area greater than or equal to five (5) aMW; and

(iii) purchases more than half of its power supply consumed within the Geographic Area solely from its state-authorized local electric or distribution utility(ies).

1.1.21 “Large Unbundled End-Use Consumer” means an end-use consumer of electric power that

(i) is not a Major Transmitting Utility, Transmission Dependent Utility, Generators, Power Marketers, and Others (except as otherwise permitted under Section 5.2.3(iv)), State or Provincial Energy Authority, Tribe, or Certain Public Interest Groups;

(ii) individually and together with all of its Affiliates had, during the calendar year immediately preceding the relevant time, an aggregate retail electric load within the Geographic Area greater than or equal to five (5) aMW;

(iii) does not purchase more than half of its power supply solely from its local electric or distribution utility; and

(iv) either: (a) is authorized to purchase unbundled services pursuant to (1) an unbundled retail transmission access program authorized or instituted by competent jurisdiction under applicable law; or (2) an agreement with the retail utility that formerly provided the power supply to the End-Use Consumer; or (b) is a “direct service industrial customer,” which means a direct service industry to which the Bonneville Power Administration is authorized to sell power under the Pacific Northwest Electric Power Planning and Conservation Act.

1.1.22 “Major Transmitting Utility” means (i) a transmission owner that, individually or together with one or more of its Affiliates, owns transmission assets having a net book value greater than or equal to \$160 million (U.S.) within the Geographic Area and (ii) a transmission owner that owns transmission assets having a net book value less than \$160 million (U.S.) but greater than or equal to \$50 million (U.S.) within the Geographic Area and is a signatory to a Funding Agreement.

1.1.23 “Market Exchange Operator” means a FERC jurisdictional or Canadian entity within the Geographic Area, other than the Corporation, that is not a transmission owner or operator, Generator or Power Marketer and that operates one or more multilateral trading mechanisms through which Market Participants and other Persons can on a nondiscriminatory basis buy, sell, or trade contracts for power, transmission rights, or ancillary services.

1.1.24 “Market Participant” means any entity that, either directly or through an Affiliate, sells or brokers electric energy within the Geographic Area.

1.1.25 “Member” means any Person that has become a Member of the Corporation under and in accordance with the provisions of Article V of these Developmental Bylaws, and that has not resigned or been terminated from membership in the Corporation.

1.1.26 “Member Class” shall have the meaning set forth in Section 5.2.1.

1.1.27 “Member Sub-Class” means a sub-class of Members in any Member Class.

1.1.28 “Members Representative Committee” or (“MRC”) shall mean the committee described in Sections 6.1 and 6.2 of these Developmental Bylaws.

1.1.29 “NWPCC” means the Northwest Power and Conservation Council, or any successor organization.

1.1.30 “Operational Board of Trustees” or “Operational Board” means the Board of Trustees elected pursuant to the Operational Bylaws and as described in Article VII and elsewhere in these Developmental Bylaws.

1.1.31 “Operational Bylaws” means the unadopted bylaws attached as Exhibit D. [Note: If Operational Bylaws are not completed, when and how do Operational Bylaws become part of document?]

1.1.32 “Operational Stage” means the period of time that the Operational Bylaws are in effect.

1.1.33 “Participating Jurisdiction” means any state (other than California) or province, all or any portion of which is located within the Geographic Area.

1.1.34 “Person” means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint stock company, trust, unincorporated organization, or government entity or political subdivision thereof, or any organization recognized as a legal entity by law in the United States or Canada.

1.1.35 “Power Marketer” means a wholesale power marketer that is authorized by FERC to sell electric power at market-based rates and that does not own, control, or operate any electric generation, transmission, or distribution facilities.

1.1.36 “RCW” means the Revised Code of Washington, as amended from time to time.

1.1.37 “Regional Proposal” means the proposal as described in the following documents prepared for that certain regional stakeholder body known as the Regional

Representative Group and posted on the Website for that body and attached as Exhibits F and G to these Developmental Bylaws: “Narrative Description of RRG Platform Group Regional Proposal,” dated December 24, 2003; and “Development Staging Table,” dated December 8, 2003.

1.1.38 “Regional Representatives Group” means that certain regional stakeholder body, the membership of which as of the effective date of these Developmental Bylaws consists of the members and alternates identified in Exhibit C, which members and alternates may be changed from time to time as permitted by the Regional Representatives Group.

1.1.39 “Related Person” of an individual means all of the following: an individual’s spouse, domestic partner, parents (including step-parents and in-laws), children (including step-children and in-laws), and siblings (including step-siblings and in-laws).

1.1.40 “State or Provincial Energy Authority” means (i) the utilities regulatory commission of each Participating Jurisdiction; (ii) any other state or provincial agency, ministry, or department in any Participating Jurisdiction that has siting, energy policy, or resource planning authority with regard to electrical energy, and that is designated by the governor or premier of a Participating Jurisdiction, by notice to the Secretary of the Corporation, as a member in the State and Provincial Energy Authorities Class; ~~and~~ each of the foregoing subject to the limitations of Section 5.3.2; and (iii) the NWPCC.

1.1.41 “Transmission-Dependent Utility” means any investor-owned utility, municipality, municipal utility, public utility district, people’s utility district, cooperative corporation, joint operating agency or joint powers authority or comparable entity, federal power marketing agency, irrigation district, mutual association, tribal utility, Crown-owned utility, or other governmental entity, or political subdivision of a state or Canadian province, that (i) furnishes electric services over an electric transmission or distribution system (whether its own or its members’) located within the Geographic Area and (ii) is not a Major Transmitting Utility. [Need to consider wording of this ~~change~~ definition further.]

1.1.42~~0~~ “Transmission Agreements” means the agreements initially offered by the Developmental Board to transmission owners and operators which, when effective, will allow the Corporation to perform services ~~over and with respect to those~~ described in the Regional Proposal over or with respect to those transmission owners’ or operators’ transmission facilities; provided, that, a stand-alone agreement that provides only for the Corporation to serve as a control area operator for transmission owners and operators shall not be considered a Transmission Agreement for the purposes of Sections 12.2.1, 13.1, and 13.2.

1.1.43 “Tribe” means a tribe or first nation recognized under applicable U.S. or Canadian federal law that has trust lands or traditional home lands with an official current address recognized by the U.S. Department of the Interior within the U.S. portion of the Geographic Area or reserve lands or lands allocated to the first nation by treaty located within the Canadian portion of the Geographic Area.

1.1.44 “Trustee” means a member of the Interim Board of Trustees, Developmental Board of Trustees, or Operational Board of Trustees, as appropriate.

## **ARTICLE II**

### **OFFICES**

The principal executive office of the Corporation shall be located at such place as the Interim or Developmental Board of Trustees may from time to time designate. Additional offices may be established and maintained at such place or places as the Interim or Developmental Board of Trustees may from time to time designate.

## **ARTICLE III**

### **PURPOSES AND LIMITATIONS**

3.1 Purposes. The purposes of the Corporation during its Developmental Stage are (i) to develop and negotiate Transmission Agreements with transmission owners and operators within the Geographic Area and endeavor to do so within six (6) months from the date the Developmental Board of Trustees is seated, consistent with the Regional Proposal; (ii) to develop tariff provisions describing services and related protocols for the Operational Stage of the Corporation that build upon the technical work developed by the Regional Representatives Group work groups prior to the seating of the Developmental Board and are consistent with the Regional Proposal; (iii) in that development and negotiation, to promote and foster regional stakeholder input, garner broad regional support, and to consider such matters as economic efficiency and fairness, reliability; cost-effectiveness, risks and rewards, fuel diversity and sustainability, and environmental effects; (iv) to secure execution of Transmission Agreements by transmission owners and operators in the Geographic Area to commence the Operational Stage of the Corporation; and (v) to take such other actions as are necessary and appropriate to accomplish the foregoing; provided, however, that the Corporation during its Developmental Stage shall be subject to the limitations set forth in Section 3.2.

3.2 Limitations. Notwithstanding any other provision of these Developmental Bylaws, the Corporation during the Developmental Stage shall have no authority to do any of the following:

3.2.1 Own, control, or operate any electric utility facilities subject to the jurisdiction of any state, provincial, or federal utilities regulatory commission.

3.2.2 Purchase, sell, transmit, deliver, or participate in any market or transactions with respect to electric energy or ancillary services except as it may purchase retail service for its own account and consumption.

3.2.3 Provide any utility service, including transmission of electricity or electricity sales or service, or control activities affecting utility service.

3.2.4 Make any filing (other than in response to a subpoena or to make jurisdictional challenges) with any state, provincial, or federal utilities regulatory commission, provided, however, that nothing herein shall limit any Member from making any regulatory filing.

3.2.5 Upon election of the Developmental Board of Trustees, spend or borrow beyond the approved limits in the Funding Agreement.

3.2.6 Adopt the Operational Bylaws, except as provided in Section 7.2.5.

3.2.7 Amend the Operational Bylaws.

## **ARTICLE IV**

### **REGIONAL CONSULTATION**

4.1 Consultation with the Regional Representatives Group. The Developmental Board of Trustees and Corporation's staff shall work with the Regional Representatives Group as provided in this Article IV for the purposes of providing information to stakeholders in the region, obtaining and considering input from stakeholders with regard to its activities pursuant to Article III, and conducting mandatory consultation under Section 4.1.5.

4.1.1 The Corporation shall cooperate with the Regional Representatives Group in the implementation of the provisions of this Article IV in accordance with the organizational structure and procedures adopted by the Regional Representatives Group.

4.1.2 The Corporation shall schedule monthly meetings of the Regional Representatives Group for blocks of six (6) months and provide notice to the Regional Representatives Group of such schedule. The Corporation shall modify the meeting schedule as reasonably requested by an appropriate designee of the Regional Representatives Group. The Corporation shall be responsible for procuring all necessary facilities for such meetings.

4.1.3 The Corporation shall respond to reasonable requests for information from the Regional Representatives Group and provide periodic reports on the status of developmental work.

4.1.4 The Developmental Board of Trustees shall first consult with the Regional Representatives Group in a scheduled meeting and receive its input if the Developmental Board of Trustees proposes, either separately or as part of a regional coordination body, to take any of the following actions:

(i) offer Transmission Agreements to one or more counterparties for acceptance;

(ii) offer a Transmission Agreement for the operation of a consolidated control area; or

(iii) enter into agreements with other transmission providers outside the Geographic Area to coordinate any transmission services or to form programs or entities to provide services or take action on behalf of such group of providers.

4.2 Consultation with Governmental Committee. The Developmental Board of Trustees shall, in cooperation with representatives of the Participating Jurisdictions within the Geographic Area, identify or form a committee of representatives of the State ~~or~~ and Provincial Energy Authorities ~~iesy~~ Member Sub-Class and the Tribes Member Sub-Class (the “Governmental Committee”) for the purpose of consulting with appropriate state and provincial regulatory and other agencies and authorities regarding the fulfillment of the Corporation’s purposes during the Developmental Stage. Representatives may be voting or ex officio members of the State and Provincial Energy Authorities Member Sub-Class or representatives of electricity regulatory commissions of Participating Jurisdictions that are not Members of the Corporation.

4.2.1 Within thirty (30) days after the election of the Developmental Board, the Corporation’s Secretary shall give notice of the formation or recognition of the Governmental Committee to each Member that has joined the State ~~or~~ and Provincial Energy Authorities ~~iesy~~ Member Sub-Class and to each Member designated by a Tribe as its representative pursuant to Section 5.3. The structure, organization, and administration of the Governmental Committee, as well as the number of representatives permitted to participate from each Participating Jurisdiction and Tribe, shall be as agreed upon by the Developmental Board of Trustees and representatives of the Participating Jurisdictions within the Geographic Area. The Corporation’s Secretary shall request that each member of the Governmental Committee promptly notify the Corporation’s Secretary of any change in the designation of a member of the Governmental Committee.

4.2.2 The Corporation shall schedule meetings for the Governmental Committee at least once each calendar quarter. Members of the Developmental Board of Trustees shall make best efforts to attend each of the scheduled meetings unless the Governmental Committee specifies that a meeting be held without members of the Developmental Board of Trustees in attendance.

4.3 Additional Regional Meetings. In addition to the consultation provided for in Sections 4.1 and 4.2, the Developmental Board of Trustees shall make reasonable, good faith efforts to consult with other governmental agencies, the Regional Representatives Group, the general public, Tribes, and other interested organizations within the Geographic Area. The Developmental Board of Trustees shall make best efforts to conduct such consultation throughout the Geographic Area, and at locations other than the major urban areas in which meetings of the Developmental Board of Trustees and of the Regional Representatives Group are normally held. The Corporation shall give notice to the Regional Representatives Group, the Members, and the Governmental Committee of any scheduled meetings held to obtain consultation under this Section 4.3.

4.4 Consultation Notices. The Corporation shall give the members of the Regional Representatives Group and the Governmental Committee notice of the Board’s regularly



scheduled meetings and of the agenda at least seven days before the meeting, and also provide notice to all Members of the Corporation as provided in these Developmental Bylaws. All notices required to be given under this Article IV shall be provided by posting on the Grid West Web site, and by distributing notice electronically to all Persons entitled to receive notices under this Article IV that have provided the Corporation's Secretary with their electronic mail address.

## **ARTICLE V**

### **MEMBERS**

5.1 Powers and Rights of Members. The Members shall, subject to these Developmental Bylaws and applicable law, have the following rights and powers:

5.1.1 The exclusive right and power to (i) elect members of the Members Representative Committee pursuant to Section 6.3; (ii) remove members of the Members Representative Committee without cause pursuant to Section 6.6; (iii) approve amendments of these Developmental Bylaws proposed by the Developmental Board of Trustees pursuant to Section 7.2.6 (subject to the applicable provisions of Sections 5.13 and 5.14); (iv) override a proposal by the Developmental Board of Trustees to dissolve the Corporation as provided in Article XIII (subject to the applicable provisions of Sections 5.13 and 5.14); (v) override a proposal by the Developmental Board of Trustees to make an initial Transmission Agreements offer to transmission owners and operators pursuant to Section 12.2 (subject to the applicable provisions of Sections 5.13 and 5.14); and (vi) participate in advisory votes submitted to the Members by the Interim or Developmental Board of Trustees pursuant to Section 5.15.

5.1.2 The nonexclusive right and power to (i) remove members of the Members Representative Committee for cause pursuant to Section 6.6 and (ii) amend the Articles of Incorporation pursuant to the provisions therein.

5.1.3 The nonexclusive right to receive notices and attend and be heard at meetings of the Members and the Interim and Developmental Boards of Trustees as provided in these Developmental Bylaws.

### 5.2 Classes of Members.

5.2.1 The Corporation shall have five classes of Members (each such class, a "Member Class"): (1) the Major Transmitting Utilities Class; (2) the Transmission-Dependent Utilities Class; (3) the Generators, Power Marketers, and Others Class; (4) the End-Use Consumers Class; and (5) the State and Provincial Energy Authorities/Tribes/Certain Public Interest Groups Class.

5.2.2 The Members in each Member Class shall be entitled to such voting rights as are set forth in these Developmental Bylaws.

5.2.3 Subject to the following limitations, any Person that has been determined, in accordance with the provisions of Section 5.3, to be qualified to become a Member, shall be



entitled to be a member of the Member Class for which it qualifies; provided, however, that no Member may be a member of more than one Member Class at any given time:

(i) If an applicant or Member qualifies for both the Major Transmitting Utility Member Class and any other Member Class, it shall be a Member of the Major Transmitting Utility Member Class.

(ii) If an applicant or Member qualifies for both the Transmission-Dependent Utility Member Class and any Member Class other than the Major Transmitting Utility Member Class, it shall be a member of the Transmission-Dependent Utility Member Class.

(iii) If an applicant or Member qualifies for the Generators, Power Marketers, and Others Member Class and any Member Class(es) other than the Major Transmitting Utility Member Class, or Transmission-Dependent Utility Member Class, it shall be a member of the Generators, Power Marketers, and Others Member Class, except that under the circumstances set forth in the second sentence of Section 5.2.3(iv), it ~~may elect to shall~~ be a Member of the End-Use Consumer Member Class. ~~Any entity that could elect to be a Member of the End-Use Consumer Member Class under this subsection but does not so elect, shall be assigned to the "Others" sub-class of the Generators, Power Marketers, and Others Member Class. If any generator has on contiguous property both end-use load and a generator that serves some or all of that load and the nameplate rating of all such generation owned by the applicant is greater than the applicant or Member's end-use load at all such sites, then such applicant or Member shall be assigned to the "Others" sub-class of the Generators, Power Marketers, and Others Member Class.~~

(iv) If an applicant or Member qualifies for the End-Use Consumer Member Class, and only that Member Class it shall be a Member of the End-Use Consumer Member Class. If any applicant or Member (a) is a Large Bundled End-Use Consumer or a Large Unbundled End-Use Consumer, (b) has on contiguous property both end-use load and a generator that serves some or all of that load, ~~and but~~ the nameplate rating of all such generation ~~owned by the applicant~~ is not greater than the applicant or Member's end-use load at all such sites, and (c) sells some of the output of the generator to a third party, then such applicant or Member ~~may choose whether to shall~~ be a Member of the End-Use Consumer Member Class ~~or of the Non-utility Entity Generators, Power Marketers, and Others Member Class. Otherwise, such applicant or Member shall be a Member of the Generators, Power Marketers, and Others Member End-Use Consumer Member Class.~~

(v) If an applicant or Member qualifies for the State ~~or and~~ Provincial Energy Authorities/Tribes/Certain Public Interest Groups Member Class and only that Member Class, it shall be a Member of the State ~~or and~~ Provincial Energy Authorities/Tribes/Certain Public Interest Groups Member Class, except that a Tribe may elect to be a Member of the State ~~or and~~ Provincial Energy Authorities/Tribes/Certain Public Interest Groups Member Class even if it qualifies for another class.

### 5.3 Qualifications and Admission of Members.

5.3.1 No Person may become or be a Member unless: (i) such Person is a Major Transmitting Utility, a Transmission-Dependent Utility, a Generators, Power Marketers, and Others, an End-Use Consumer, a State or Provincial Energy Authority, a Tribe or Certain Public Interest Groups; and (ii) such Person has timely paid the requisite initial and subsequent annual membership fees of \$1,000 each year; provided, however, that such fees shall be waived for State or Provincial Energy Authorities, and one (1) Consumer Advocate in each Participating Jurisdiction; provided, further, that upon their written request, the Membership Admissions Committee or Developmental Board of Trustees may waive or reduce such fees on a nondiscriminatory basis for Tribes or Certain Public-Interest ~~Groups or Organizations~~ that are applying for membership in the State ~~or and~~ Provincial Energy Authorities/Tribes/Certain Public Interest Groups Member Class.

5.3.2 Any State or Provincial Energy Authority shall be admitted to membership, as a voting or non-voting ex officio Member, upon giving notice to the Secretary of the Corporation of its intent to become a Member and whether it desires to be a voting or ex officio member, together with the name, address, telephone number, facsimile number, and electronic mail address of the State or Provincial Energy Authority; the name of the State or Provincial Energy Authority chairperson or director or other individual who is authorized to send and receive notices on behalf of, and otherwise represent, such State or Provincial Energy Authority in all matters relating to its membership in the Corporation; and the name of an alternate for such individual; provided, however, that no more than two (2) State or Provincial Energy Authorities from any given Participating Jurisdiction (without counting the NWPCC for this purpose) may be Members (whether voting or ex officio) at the same time; and provided further that the NWPCC shall be entitled to only one (1) membership in the State and Provincial Energy Authorities Class (not one (1) membership per state).

5.3.3 Any Tribe shall be admitted to membership upon payment of the membership fee, giving notice to the Secretary of the Corporation of its intent to become a Member, and payment of the membership fee, together with the name, address, telephone number, facsimile number, and electronic mail address of the Tribe; the name of the tribal chairperson or director or other individual who is authorized to send and receive notices on behalf of, and otherwise represent, such Tribe in all matters relating to its membership in the Corporation, and the name of an alternate for such individual; provided, however, that no Tribe may hold more than a single Member position in the Corporation at any time; provided, further, that if a Tribe requests a waiver of the membership fee, the Tribe shall not become a Member until the waiver has been granted and all other requirements set forth above are satisfied.

5.3.4 The application of any Person ~~other than a State or Provincial Energy Authority or Tribe~~ that believes that it satisfies the membership requirements set forth in Sections 5.3.1 through 5.3.3 and that desires to become a Member, shall be processed following the procedures set out in Section 5.4 (Interim Board) or Section 5.5 (Developmental Board).

*Proposed Developmental Bylaws Revisions dated June 8, 2004  
(cumulative redlined version from RRG version posted May 19, 2004)*

5.3.5 Upon acceptance of the membership application of any entity to be a Member in any Member Class, the Secretary of the Corporation shall provide notice of such acceptance to each existing Member.

5.3.6 No Affiliate of any Person that is a Member may be a Member at any time while such Person is a Member.

5.3.7 The Corporation shall maintain at all times a current list of the name and address of each Member, along with the name of the designated representative and alternate representative of each such Member. The list shall be posted on Grid West's Web site and updated periodically. ~~A designated representative may represent more than one (1) Member in the same sub-class (or, if a class has no sub-classes, in the same class). The designated representative shall be allowed to vote separately for each Member for which he or she is the designated representative. A designated representative must have authority to act on behalf of a Member. The designated representatives must be authorized to participate in debate and consider input from others before taking a position or voting on behalf of a Member.~~

5.3.8 Any Member may at any time, effective upon notice to the Secretary of the Corporation, replace the individual who is authorized to represent such entity and to whom notices shall be sent, or the alternate for such individual.

5.3.9 Each Member has a continuing obligation to notify the Secretary of the Corporation of any material change in circumstances that would disqualify it from membership or require a redesignation of Member Class. The Secretary of the Corporation shall establish procedures for review and determination of a Member's status and redesignation of Member Class, where a member fails to qualify for a Member Class, or, if the Member no longer qualifies for any Member Class, termination of Membership.

5.4 Admission by Interim Board.

5.4.1 Membership Admissions Committee. The members of the Membership Admissions Committee are \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_. The Membership Admissions Committee shall administer the membership application process and make determinations of Member and Member Class eligibility prior to election of the Developmental Board of Trustees. Vacancies on the Member Admissions Committee shall be filled by majority vote of the remaining committee members. If a vacancy is not filled within two (2) weeks of the vacancy occurring, the Interim Board shall select a replacement.

5.4.2 Membership Dispute Resolution Committee. The members of the Membership Dispute Resolution Committee are \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_. The Membership Dispute Resolution Committee shall make factual findings with respect to disputed membership applications during the Developmental Stage. Vacancies on the Membership Dispute Resolution Committee shall be filled by majority vote of the remaining committee members. If a vacancy is not filled within two

(2) weeks of the vacancy occurring, the Interim or Developmental Board, as appropriate, shall select a replacement.

**5.4.3 Initial Membership Application Window.**

(i) Applications for membership in the Corporation may be submitted until close of business on the date that the Interim Board announces as the closing date of such period, which shall be no earlier than ninety (90) days after the adoption of these Developmental Bylaws.

(ii) During such application period, the Membership Admissions Committee shall receive applications for membership in the Corporation, and shall, no later than fourteen (14) days after the closing of the initial application period, accept all qualified applications and make determinations of the Member Class to which each applicant shall be assigned. In addition to notifying the applicant, the Membership Admissions Committee shall post such determinations on the Grid West Web site no later than the fourteenth (14<sup>th</sup>) day after the closing of the application period.

(iii) Applications shall contain the information specified in Section 5.3.2, 5.3.3, or 5.5.1(i) as appropriate.

(iv) The Membership Admissions Committee may request information from any applicant to assist in a determination of Member Class. If an applicant does not respond to reasonable requests of the Membership Admissions Committee, the application may be rejected as unqualified.

**5.4.4 Declaratory Membership Option During Initial Membership Application Window.** In addition to an application for membership made during the initial application window, the Membership Admission Committee shall provide for a declaratory form of application (“declaratory member”) by which a Person may obtain a determination of whether it qualifies for membership in a specific Member Class prior to tendering the required membership fee. The Secretary of the Corporation shall include any such declaration in the membership posting pursuant to Section 5.4.3(ii).

**5.4.5 Challenges to Applications.**

(i) Any applicant may protest the rejection or class assignment of its own application and any Member may protest the acceptance of the application or class assignment of any other Member or “declaratory member” within a ten- (10-) day period following the posting of the initial class membership by submitting its protest in writing to the Membership Admissions Committee. The Membership Admissions Committee shall post all such protests and notify by first-class mail the Members whose qualifications or classifications have been challenged. Each Member whose qualification or classification has been challenged shall have the opportunity to respond to the protest by written submittal to the Membership Admissions Committee to be filed on or prior to the twentieth (20<sup>th</sup>) day following the posting.

(ii) The Membership Dispute Resolution Committee shall consider all protests to the membership qualifications or class assignments and shall make determinations for all applicants under protest on or prior to the thirtieth (30th) day following the posting. Such determinations shall be in writing and shall specify the reasons for accepting or denying a protest and shall be posted on the Grid West Web site.

(iii) Thereafter, any Member dissatisfied with its Member Class assignment shall have the right to withdraw its membership for a period of thirty (30) days and receive a refund of its annual dues. Otherwise, all Member Class assignments of the initial membership applicants shall be considered final, subject to the Membership Dispute Resolution Committee's power to redesignate a Member to a different Member Class pursuant to Section 5.4.6.

5.4.6 Second Application Window Before Election of Developmental Board. Additional applications shall be received by the Membership Admissions Committee after the notice provided in Section 7.1.7(iii)(c). The Membership Admissions Committee shall make a good-faith effort to determine each applicant's membership qualification and its appropriate Member Class by the deadline for such determinations set forth in Section 5.4.7 and shall post such determinations on the Grid West Web site. In the event that the Membership Admissions Committee does not process an application before the record date established by Section 5.4.7, the application shall be referred to and processed by the Developmental Board pursuant to Section 5.5.1. An applicant may protest the rejection or Member Class assignment of its own application pursuant to the procedures of Section 5.5.1(i). In addition, any Member may dispute the acceptance of the application or Member Class assignment of the applicant pursuant to the procedures set forth in Section 5.5.1(ii), and the Secretary of the Corporation shall provide to the applicant written notice by first-class mail of any other Member's protest to its acceptance or class designation. A Person for whom a declaratory determination has been issued by the Membership Admissions Committee as to the Person's appropriate Member Class shall have the right to become a Member of that Member Class by tendering its membership fee unless the Membership Admissions Committee determines that the Person no longer qualifies for such Member Class based on events occurring after the issuance of the determination.

5.4.7 Recognition of Representatives Authorized to Vote. In order that the Corporation may determine the Members entitled to vote in the initial election of the Members Representative Committee, any Person who is specified on the membership list maintained by the Membership Admissions Committee at the close of business of the seventh day prior to the Members' meeting and continues to be a Member at the time of the Members' meeting is entitled to have its designated representative or alternate vote at the Members' meeting. Persons that have not been designated into a Member Class by such date shall not be Members for the vote. No later than the close of business on the sixth (6th) day prior to the Members' meeting, the Membership Admissions Committee shall provide to all Members a copy of the membership list of each Member Class. The list may be provided by electronic communication.

5.5 Admission by Developmental Board.

5.5.1 Application and Approval.

(i) After the election of the Developmental Board, the Corporation shall receive new member applications. The membership application of any Person ~~other than a State or Provincial Energy Authority or Tribe~~ shall specify the name, address, telephone number, facsimile number, and electronic mail address of the requesting Person; the Member Class in which such Person desires to participate; a statement of the qualifications of such Person for membership in such Member Class; the name of the individual who is authorized to represent such Person in all matters relating to its membership in the Corporation (including quorum counts, voting, and sending and receiving notices on behalf of such entity); and the name of an alternate for such individual. If the Secretary ~~of the Corporation~~ has any reason to believe that any particular application for membership ~~is deficient, the Secretary of the Corporation may reject the application. If the Secretary of the Corporation has any reason to believe that any particular application for membership~~ is not qualified to participate in the Member Class specified in the written notice from such applicant, but is qualified to participate in another Member Class, the Secretary ~~of the Corporation~~ shall, within thirty (30) days after receipt of such applicant's completed membership application, so notify the applicant by first-class mail. In the event that the applicant does not object within fifteen (15) days to the redesignation of membership proposed by the Secretary ~~of the Corporation~~, the membership application shall be redesignated for and accepted in such other Member Class. In the event that the applicant does object to such redesignation within such fifteen- (15-) day period, the dispute shall be submitted to and finally resolved by the Membership Dispute Resolution Committee. If the Secretary ~~of the Corporation~~ has reason to believe that any particular entity is not qualified to participate in any Member Class, the Secretary ~~of the Corporation~~ shall, within thirty (30) days after receipt of such entity's completed membership application, forward such application to the Developmental Board of Trustees, which shall approve or reject such application. If the Developmental Board of Trustees rejects the membership application of any such entity, it shall send written notice to such entity by first-class mail, specifying the reasons for such rejection. If the entity objects to such rejection, the dispute shall be submitted to and finally resolved by the Membership Dispute Resolution Committee.

(ii) Upon acceptance ~~by the Corporation~~ of ~~the a~~ membership application of any entity to be a Member in any Member Class, the Secretary ~~of the Corporation~~ shall provide notice of such acceptance to each existing Member. Each existing Member may, at any time thereafter, protest the admission of such entity to membership in the Corporation or in its designated Member Class. The Secretary ~~of the Corporation~~ shall send notice of any such protest to the entity by first-class mail. Each entity whose admission in the Corporation or in such Member Class has been challenged shall have the opportunity to respond to the protest by written submittal to the Developmental Board to be filed on or prior to the twentieth (20th) day following such notice from the Secretary ~~of the Corporation~~. Any such protest shall be submitted by the



Developmental Board to the Membership Dispute Resolution Committee for a final determination.

5.6 Challenges to Membership or Member Class Qualifications. Pending resolution by the Membership Dispute Resolution Committee of any challenge to a Member's membership in the Corporation or in its designated Member Class or Member Sub-Class, such Member shall be and remain a Member in its designated Member Class or Member Sub-Class and shall possess and be entitled to exercise each and all of the rights and privileges of membership in the Corporation in such Member Class or Member Sub-Class. The final determination of such challenge shall not void the election of any members of the Members Representative Committee or of the Developmental Board or any other decision of the Members made before such final determination involving the challenged Member acting in its designated Member Class or Member Sub-Class. In the event that the challenged Member is determined in such dispute resolution proceeding not to satisfy the qualifications for membership in the Corporation, the membership of such Member and all of such Member's voting rights and other rights of membership shall be terminated effective immediately upon such determination. In the event that the challenged Member is determined in such dispute resolution proceeding not to satisfy the qualifications for membership in the Member Class of which it is then a Member, but instead to satisfy the qualifications for membership in another Member Class or Member Sub-Class, such Member shall be reclassified into such other Member Class or Member Sub-Class effective immediately upon such determination.

5.7 Termination of or Withdrawal from Membership.

5.7.1 If any Member fails timely to pay the annual membership fee due from such Member for any year pursuant to the provisions of Section 5.3.1, the Secretary of the Corporation shall notify such Member by first-class mail, addressed to the Member at the address provided to the Secretary of the Corporation in accordance with the requirements of these Developmental Bylaws, that the Corporation has not received such membership fee and that such Member's membership in the Corporation shall be terminated in the event such fee is not paid by such Member in full within forty-five (45) days after the date of deposit of such notice in the U.S. mail. In the event that payment of the full amount of the membership fee is not received within such period, the membership of such Member in the Corporation shall be terminated immediately and without any further action upon the expiration of such forty-five-(45-) day period, and the terminated Member shall cease to have any rights whatsoever as a Member of the Corporation. Notwithstanding any such termination of membership, all dispute resolution proceedings and appeals that are in effect or pending as of such termination shall remain in effect and shall be followed to completion by the terminated Member and by other affected Members pursuant to these Developmental Bylaws. Any Member that has been terminated from membership in the Corporation may not reapply for membership for a period of one (1) year from the date of such termination.

5.7.2 Any Member may withdraw from the Corporation upon providing written notice of its withdrawal to the Interim or Developmental Board of Trustees. Notwithstanding such notice of withdrawal, all dispute resolution proceedings and appeals that are in effect or pending as of the date of the receipt by the Interim or Developmental Board of written notice of

such withdrawal shall remain in effect and be followed to completion by the withdrawing Member and by other affected Members pursuant to these Developmental Bylaws. Any Member that has voluntarily withdrawn from the Corporation may not reapply for membership for a period of six (6) months from the date of its withdrawal.

5.8 Establishment of Record Date. In order that the Corporation may determine the Members entitled to vote in any election of members of the Members Representative Committee or on any other matter on which the Members are entitled to vote, the Interim or Developmental Board of Trustees shall set the record date, which shall be the date of notice to the Members of any meeting at which any matter is to be presented to the Members for a vote; provided that the record date for the initial election of the Members Representative Committee shall be established pursuant to Section 5.4.7. Members specified on the list maintained by the Secretary of the Corporation on the record date are entitled to notice of such meeting and to vote at any such meeting if they continue to be Members as of the date of the meeting and their designated representative or alternate is present. If the Interim or Developmental Board of Trustees calls a meeting of one (1) or more Member Classes or Sub-Classes (but fewer than all Member Classes), the Interim or Developmental Board of Trustees shall specify the record date applicable to the meeting according to the procedures and timing the Interim or Developmental Board of Trustees determines to be fair and reasonable in the applicable circumstances.

5.9 Meetings of Members.

5.9.1 After the election of the Developmental Board of Trustees, a meeting of the Members of the Corporation shall be held at least twice annually at such date, time, and place within the Geographic Area as the Developmental Board of Trustees shall determine. At such annual meeting, members of the Developmental Board of Trustees and officers of the Corporation shall (i) deliver to the Members (to the extent not delivered previously) the annual financial statements of the Corporation prepared in accordance with the requirements of Section 10.2 and copies of the Corporation's budgets for at least the current and next fiscal years, (ii) discuss other significant matters affecting the Corporation, (iii) describe the Corporation's progress on carrying out the purposes in Article III ~~respond to any questions of the Members with respect thereto~~, and (iv) respond to any questions of the Members with respect thereto ~~describe the Corporation's progress on carrying out the purposes in Article III.~~

5.9.2 In addition to the annual meetings of the Members required under Section 5.9.1, (i) special meetings of the Members for any purpose or purposes may be called at any time by (a) the President of the Corporation, (b) the Developmental Board of Trustees, (c) not less than one-third (1/3) of the Members entitled to vote at such meeting, or (d) not less than a majority of the Members in any two (2) Member Classes; and (ii) special meetings of the Members in any Member Class or Member Sub-Class for any purpose or purposes may be called at any time by (a) the President of the Corporation, (b) the Developmental Board of Trustees, or (c) not less than one-third (1/3) of the Members entitled to vote at such meeting. Any such special meetings shall be held at such date, time, and place within the Geographic Area as may be determined by the person or persons calling such meeting.



5.10 Notice of Meetings of Members.

5.10.1 Notice of regularly scheduled and special meetings shall be given to each Member entitled to vote at such meeting not less than ten (10) days and not more than fifty (50) days prior to the meeting, or, in the case of any meeting for the election of one (1) or more members of the Members Representative Committee or to vote on any proposed amendment to the Developmental Bylaws, not less than thirty (30) days. Notice shall be made either personally or by first-class mail, with a copy by electronic mail to any such Member that has provided notice to the Secretary of the Corporation of such Member's electronic mail address. If mailed, such notice shall be deemed given when deposited in the U.S. or Canadian mail, with first-class postage thereon prepaid, addressed to the Member at the address provided to the Secretary of the Corporation in accordance with the requirements of these Developmental Bylaws. Each such notice shall state the date, time, and place of the meeting and the meeting agenda, including the purpose or purposes for which the meeting is called.

5.10.2 Public notice of each meeting of the Members, and each meeting of any two (2) or more Member Classes, shall be placed on the Grid West Web site and posted at the offices of the Corporation at least ten (10) days before such meeting. Public notice of any adjournment and reconvening of any such meeting shall be placed on the Grid West Web site and posted at the offices of the Corporation as soon as practicable after any such adjournment. Each such notice shall include an agenda for the meeting; provided, however, that the failure of any item to be included on any such agenda shall not prevent action from being taken thereon at any meeting. In the event that any changes are made to any such agenda before the meeting to which the agenda relates, the Secretary of the Corporation shall make reasonable efforts to provide public notice of any such changes as soon as practicable in advance of the meeting. In addition, notice of each meeting of the Members, and each meeting of any two (2) or more Member Classes, shall be sent by the Secretary of the Corporation, by first-class mail, telegram (charges prepaid), facsimile, or electronic mail, to each member of the public who so requests and who has provided such Secretary of the Corporation with complete information regarding such person's name and address; provided, however, that the failure of any such member of the public to receive notice of any meeting of the Members shall not under any circumstances affect the validity of such meeting or any action taken at such meeting.

5.11 Open Meetings. Except as hereinafter set forth, any member of the public may attend and observe the proceedings of any meeting of the Members, and any meeting of any two or more Member Classes, noticed pursuant to Section 5.10.2. Notwithstanding the foregoing, Members may, with notice to the Secretary of the Corporation in each instance, hold any such meeting in closed session for the same purposes and to the same extent as the Developmental Board of Trustees is entitled to hold closed sessions pursuant to Section 7.6.

5.12 Waivers of Notice. The notice requirements contained in these Developmental Bylaws may be waived in writing by any Member with respect to itself, either before or after the meeting. The attendance by any Member at a meeting without protesting, as soon as reasonably practicable, the lack of notice of such meeting shall constitute a waiver of notice by it. All waivers shall be made part of the minutes of the meetings.

5.13 Quorum Rules for Member Meetings.

5.13.1 Quorum Rules for Binding Member Votes (Except to Fill Members Representative Committee Vacancies and to Remove Members Representative Committee Members).

(i) Except for meetings of a Member Class or Member Sub-Class to fill vacancies of Members Representative Committee positions (or to remove a member of the Members Representative Committee) for which they are entitled to vote, all votes of Members must take place at a duly called meeting of Members (all Member Classes meeting at the same time).

(ii) If a Member Class does not include any Member Sub-Classes, then the quorum requirement for that Member Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Class and entitled to vote. *Ex officio members do not count when determining whether a quorum exists.*

~~(iii)~~ If a Member Class has Member Sub-Classes, then quorum requirements shall apply to each Member Sub-Class separately, and the quorum requirement for a Member Sub-Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Sub-Class. *Ex officio members do not count when determining whether a quorum exists.*

~~(iv)~~ The validity of a quorum for any Member Class that satisfies the requirement set forth in Section 5.13.1(ii) shall not be affected by the failure of any other Member Class to satisfy the applicable Member Class quorum requirement. The validity of a quorum for any Member Sub-Class that satisfies the requirement set forth in Section 5.13.1(iii) shall not be affected by the failure of any other Member Sub-Class within its Member Class (or the failure of any other Member Class) to satisfy the applicable quorum requirement.

~~(v)~~ The manner of tabulating Member votes at any meeting at which the Members have satisfied the foregoing requirements shall be as specified in Section 5.14.

5.13.2 Quorum Rules for Meetings of Member Classes or Member Sub-Classes to Remove Members of the Members Representative Committee and to Fill Vacancies.

(i) If a Member Class or Member Sub-Class wishes to remove a member of the Members Representative Committee or if a vacancy occurs with respect to any Members Representative Committee positions for which a particular Member Class or Member Sub-Class is entitled to vote (other than due to the ordinary expiration of Members Representative Committee members' terms), the applicable Member Class or Member Sub-Class may request that the Developmental Board of Trustees convene a special meeting of the affected Member Class or Member Sub-Class (without the need for other Member Classes or Member Sub-Classes to meet at the same time) to remove the member or fill the vacancy in accordance with Section 6.6.

(ii) If a Member Class does not include any Member Sub-Classes, then the quorum requirement for that Member Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Class and entitled to vote. *Ex officio members do not count when determining whether a quorum exists.*

(iii) If a Member Class has Member Sub-Classes, then quorum requirements shall apply to each Member Sub-Class separately, and the quorum requirement for a Member Sub-Class at any Member meeting shall be one-third (1/3) of the Members belonging to that Member Sub-Class. *Ex officio members do not count when determining whether a quorum exists.*

(iv) The validity of a quorum for any Member Class that satisfies the requirement set forth in Section 5.13.2(ii) shall not be affected by the failure of any other Member Class to satisfy the applicable Member Class quorum requirement. The validity of a quorum for any Member Sub-Class that satisfies the requirement set forth in Section 5.13.2(iii) shall not be affected by the failure of any other Member Sub-Class within its Member Class (or the failure of any other Member Class) to satisfy the applicable quorum requirement.

(v) The manner of tabulating Member votes with respect to Member Class or Member Sub-Class meetings to fill Members Representative Committee vacancies shall be as set forth the applicable provisions of Section 6.3.

5.13.3 Quorum Rules for Advisory Member Votes. The quorum rules applicable to Member advisory votes called by the Interim or Developmental Board of Trustees as provided in Section 5.15 shall be as specified by the Interim or Developmental Board of Trustees with respect to the matter being submitted to an advisory vote.

#### 5.14 Voting of Members (Other Than Advisory Votes).

5.14.1 General Voting Rules. For any Member Class or Member Sub-Class that has met the quorum requirements at a duly called meeting of Members (except for electing Members Representative Committee members or filling Members Representative Committee vacancies, which shall be as specified in the applicable provisions of Section 6.3), the voting rules shall be as follows:

(i) Each Member Class, as a whole, shall have total voting power equal to six (6) votes (resulting in combined voting power of all Member Classes in the Corporation of thirty (30) votes). Tabulation of Member votes shall be as *specified-set forth in this Sections 5.14.2, 5.14.3, 5.14.4, and 5.15. Members may not vote by proxy and shall be required to be present in person at a meeting in order to vote on any matter coming before the Members at such meeting; provided, however, that alternates shall not be considered proxies.*

(ii) Members may not vote by proxy and each Members' designated representative or alternate shall be required to be present in person at a meeting in order to vote on any matter coming before the Members at such meeting; provided, however, that alternates shall not be considered proxies. A designated representative may represent more than one (1) Member in the same sub-class (or, if a class has no sub-classes, in the same class). The designated representative shall be allowed to vote separately for each Member for which he or she is the designated representative. A designated representative must have authority to act on behalf of a Member. The designated representatives must be authorized to participate in debate and consider input from others before taking a position or voting on behalf of a Member.

(iii) The allocation of voting power to Member ~~Sub~~-Classes, and where applicable to Member Sub-Classes within each of the Member Classes shall be as set forth in Section 5.14.3, follows:

5.14.2 Membership Thresholds. If a Member Sub-Class has a number of Members equal to or greater than the thresholds set forth in this sub-Section 5.14.2, then voting power shall be allocated to the Member Sub-Class as set forth in Section 5.14.3. Ex officio Members do not count for threshold determinations. If a Member Sub-Class has a number of Members less than the thresholds set forth in this sub-Section 5.14.2, then voting power shall be allocated to the Member Sub-Class as set forth in Section 5.14.4.

(i) Major Transmitting Utilities Member Class. There is no threshold for this Member Class. [Drafting note: voting rights for MTU generally under discussion]

(ii) Transmission-Dependent Utilities Member Class. There is no threshold for this Member Class. [Drafting note: Sub-class with thresholds are under consideration]

(iii) Generators, Power Marketers, and Others Member Class.

a. Generators and Power Marketers Member Sub-Class: The threshold for this Member Sub-Class is five (5) Members.

b. Others Member Sub-Class: The threshold for this Member Sub-Class is five (5) Members.

(iv) End-Use Consumers Member Class.

(a) Large Unbundled End-Use Consumers Member Sub-Class: The threshold for this Member Sub-Class is two (2) Members.

(b) Large Bundled End-Use Consumers Member Sub-Class: The threshold for this Member Sub-Class is one (1) Member.

(c) Consumer Advocates Member Sub-Class: The threshold for this Member Sub-Class is three (3) Members.

(v) State and Provincial Energy Authorities/Tribes/Certain Public Interest Groups Member Class.

(a) State and Provincial Energy Authorities Member Sub-Class: The threshold for this Member Sub-Class is four (4) Members. Ex-officio Members do not count toward achievement of the threshold.

(b) Tribes Member Sub-Class: The threshold for this Member Sub-Class is one (1) Member.

(c) Certain Public Interest Groups Member Sub-Class: The threshold for this Member Sub-Class is one (1) Member.

5.14.3 Allocation of Voting Power when Member Sub-Class Threshold is Met.

(~~ai~~) Major Transmitting Utilities: [Drafting note: voting rights for MTU generally under discussion] The voting power of the Major Transmitting Utility Member Class shall be allocated equally among all of those Members that meet the requirements of either subsection (1) or subsection (2) below:

(~~a1~~) Any Member of the Major Transmitting Utility Member Class that, individually or together with one or more of its Affiliates, owns transmission assets having a net book value greater than or equal to \$160 million (U.S.) and is a signatory (or the operator of the assets is a signatory) to a the Funding Agreement.

(~~b2~~) Any Member of Major Transmitting Utility Member Class that owns transmission assets having a net book value less than \$160 million (U.S.) but greater than or equal to \$50 million (U.S.) and is a signatory to a the Funding Agreement.

(~~bii~~) Transmission-Dependent Utilities: The voting power of the Transmission-Dependent Utility Member Class shall be allocated ~~equally among all Members of the Transmission-Dependent Utility Member Class.~~ [under discussion]  
[Drafting Note: Sub-class with thresholds are under construction.]

(~~eiii~~) Generators, Power Marketers, and Others: The voting power of the Generators, Power Marketers, and Others Member Class shall be allocated as follows:

~~(1) If there are no fewer than five (5) Members of the Nonutility Entities Member Class that are neither Generators nor Power Marketers, then all six (6) votes' worth of voting power for the Member Class~~

~~shall be held by the Members of the Nonutility Entities Member Class that are Generators and Power Marketers.~~

(a2) If there are at least five (5) Members in the Generators, Power Marketers, and Others Member Class that are neither Generators nor Power Marketers, then five (5) of the six (6) votes' worth of voting power for the Member Class shall be held by the Members of the Generators, Power Marketers, and Others Member Class that are Generators and Power Marketers and one (1) of the six (6) votes' worth of voting power for the Member Class shall be held by the Members of the Generators, Power Marketers, and Others Member Class that are neither Generators nor Power Marketers.

(ivd) End-Use Consumers: The voting power of the End-Use Consumers Member Class shall be allocated as follows:

(a1) Two (2) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Large Unbundled End-Use Consumers Member Sub-Class.

(b2) One (1) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Large Bundled End-Use Consumers Member Sub-Class.

(c3) Three (3) of the six (6) votes' worth of voting power held by the End-Use Consumers Member Class shall be held by the Members of the Consumer Advocates Member Sub-Class.

~~(4) If any Member Sub-Class of the End Use Consumers Member Class has no Members, then the voting power of the Member Sub-Class(es) without Members shall be exercised by the Member Sub-Class(es) with Members as follows:~~

~~(A) If there are no Members of the Large Unbundled End-Use Consumer Member Sub-Class, the voting power of the Large Unbundled End-Use Consumer Member Sub-Class shall be allocated equally between and exercised by the Large Bundled End-Use Consumer Member Sub-Class and the Consumer Advocate Member Sub-Class.~~

~~(B) If there are no Members of the Large Bundled End-Use Consumer Member Sub-Class, the voting power of the Large Bundled End-Use Consumer Member Sub-Class shall be exercised by the Large Unbundled End-Use Consumer Member Sub-Class.~~

~~(C) — If there are no Members of either the Large Unbundled End-Use Consumer Member Sub-Class or the Large Bundled End-Use Consumer Member Sub-Class, the voting power of Large Unbundled End-Use Consumer Member Sub-Class and the Large Bundled End-Use Consumer Member Sub-Class shall be exercised by the Consumer Advocate Member Sub-Class.~~

~~(D) — If there are no Members of the Consumer Advocate Member Sub-Class, two-thirds (2/3) of the voting power of the Consumer Advocate Member Sub-Class shall be exercised by the Large Bundled End-Use Consumer Member Sub-Class and one-third (1/3) of the voting power of the Consumer Advocate Member Sub-Class shall be exercised by the Large Unbundled End-Use Consumer Member Sub-Class.~~

~~(dv)~~ State and Provincial Energy Authority~~iesy~~/Tribes/Certain Public Interest Groups: The voting power of the State and Provincial Energy Authorities/Tribes/Certain Public Interest Groups Member Class shall be allocated as follows:

~~(a1)~~ Four (4) of the six (6) votes' worth of voting power held by the State and Provincial Energy Authority~~iesy~~/Tribes/Certain Public Interest Groups Member Class shall be held by the Members of the State and Provincial Energy Authorities Member Sub-Class.

~~(b2)~~ One (1) of the six (6) votes' worth of voting power held by the State and Provincial Energy Authority~~iesy~~/Tribes/Certain Public Interest Groups Member Class shall be held by the Members of the Tribes Member Sub-Class.

~~(c3)~~ One (1) of the six (6) votes' worth of voting power held by the State and Provincial Energy Authority~~iesy~~/Tribes/Certain Public Interest Groups Member Class shall be held by the Members of the Certain Public Interest Groups Member Sub-Class.

~~(4) — If any Member Sub-Class of the State and Provincial Energy Authority/Tribes/Unaligned Entity Member Class has no Members, then the voting power of the Member Sub-Class(es) without Members shall be exercised by the Member Sub-Class(es) with Members as follows:~~

~~(A) — If there are no Members of the State and Provincial Energy Authority Member Sub-Class, the voting power of the State and Provincial Energy Authority Member Sub-Class shall be allocated equally between and exercised by the Tribes Member Sub-Class and the Unaligned Entity Member Sub-Class.~~



~~(B) — If there are no Members of the Tribes Member Sub-Class, the voting power of the Tribes Member Sub-Class shall be exercised by the Unaligned Entity Member Sub-Class.~~

~~(C) — If there are no Members of the Unaligned Entity Member Sub-Class, the voting power of the Unaligned Entity Member Sub-Class shall be exercised by the Tribes Member Sub-Class.~~

~~(D) — If there are no Members of either the Tribes Member Sub-Class or the Unaligned Entity Member Sub-Class, the voting power of the Tribes Member Sub-Class and the Unaligned Entity Member Sub-Class shall be exercised by the State and Provincial Energy Authority Member Sub-Class.~~

5.14.4 Allocation of Voting Power When Member Class Has Zero Members or When Member Sub-Class Thresholds Are Not Met.

~~(i) — If the Member Class has zero (0) Members, then (a) that Member Class' voting power shall be allocated equally to other Member Classes that have at least one (1) Member, and (b) within each such Member Class the reallocated voting power shall be allocated to each Member Sub-Class in the same ratio as the Member Class' voting power is allocated between the Member Sub-Classes.~~

~~(ii) — If a Member Sub-Class has fewer Members than the threshold number of Members set for a Member Sub-Class in Section 5.14.2, the voting power for the Member Sub-Class set forth in Section 5.14.3 will be reduced in an amount determined according to 5.14.4(iii), and the amount of the reduction in voting power will be reallocated according to Section 5.14.4(iv).~~

~~(iii) — The formula for calculating the voting power reduction of a Member Sub-Class is as follows:~~

$$\underline{\underline{V * (1 - (X/Y)) = Z}}$$

~~The numerator "X" is the number of Members in the Member Sub-Class.~~

~~The denominator "Y" is the threshold for the Member Sub-Class.~~

~~The variable "V" is the voting power for the Member Sub-Class.~~



The result “Z” is the amount by which the Member Sub-Class’ voting power is reduced. (Refer to Section 5.14.4(v) Step 2(c) for the formula to calculate the Member Sub-Class’ reallocated voting power.)

(iv) Reallocate the reduced voting power calculated in Section 5.14.4(iii) as follows:

(a) If the Member Class has two (2) Member Sub-Classes and neither of the Member Sub-Classes meet their threshold, then each Member Sub-Class will exercise its full voting power, provided, however, that if one (1) Member Sub-Class has zero (0) Members, the Member Sub-Class that has Members will exercise the entire voting power of the Member Class.

(b) If the Member Class has two (2) Member Sub-Classes and one (1) of the Member Sub-Classes meets its threshold, the Member Sub-Class meeting its threshold will be allocated additional voting power from the Member Sub-Class that did not meet its threshold. The voting power of the Member Sub-Class meeting its threshold is calculated as follows:

$$\underline{V + Z = E}$$

“V” is the “threshold voting power” for the Member Sub-Class that met its threshold.

“Z” is the amount of voting power of the Member Sub-Class that did not meet its threshold to be reallocated to the other Member Sub-Class in the Member Class (that was calculated in Section 5.14.4(iii)).

“E” is the revised voting power including the amount reallocated from the Member Sub-Classes that failed to meet its threshold.

(c) If the Member Class has three (3) Member Sub-Classes and none of the Member Sub-Classes meet their threshold, then (unless (e) or (f) applies) each Member Sub-Class will exercise its full voting power.

(d) If the Member Class has three (3) Member Sub-Classes and two (2) of the Member Sub-Classes have zero (0) Members, the Member Sub-Class that has Members will exercise the entire voting power of the Member Class.

(e) If the Member Class has three (3) Member Sub-Classes and one (1) of the Member Sub-Classes has zero (0) Members, then apply (1), (2) or (3) as follows.

(1) If both of the other Member Sub-Classes meet their threshold, then the voting power of the Member Sub-Class that had zero (0) Members will be allocated to the Member Sub-Classes with Members as set forth in Section 5.14.4(v).

(2) If one of the other Member Sub-Classes met its threshold, but the other did not, the Member Sub-Class that met its threshold will exercise the voting power of the Member Class with zero (0) Members and will be allocated “Z” (i.e., the reduced voting power of the Member Sub-Class that failed to meet its threshold as calculated in Section 5.14.4(iii)).

(3) If both of the other Member Sub-Classes had Members, but both failed to meet their thresholds, those Member Sub-Classes will exercise the full voting power of their respective Member Sub-Class and will be allocated the voting power of the Member Sub-Class that had zero (0) Members as set forth in Section 5.14.4(v).

(f) If the Member Class has three (3) Member Sub-Classes and two (2) of the Member Sub-Classes fail to meet their threshold, then “Z”, the reduced voting power for each of the two (2) Member Sub-Classes, is added to the voting power of the one (1) Member Sub-Class that achieved its threshold.

(g) If the Member Class has three (3) Member Sub-Classes and one (1) of the Member Sub-Classes fails to meet its threshold, then reallocate the voting power of the Member Sub-Class that failed to meet its threshold between the two Member Sub-Classes that achieved their threshold as set forth in Section 5.14.4(v).

(v) If a Member Class has three (3) Member Sub-Classes, reallocating the reduced voting power of one (1) of the Member Sub-Classes to the other two (2) Member Sub-Classes occurs as follows:

Step 1: Calculate the ratio of the voting power of the Member Sub-Classes that did not have their voting power reduced as follows:

The formulas for calculating the ratios of Member Sub-Class voting powers are as follows:

First Formula:

$$\underline{\underline{\mathbf{B} / (\mathbf{B} + \mathbf{C}) = \mathbf{D}}}$$

“B” is the voting power of the Member Sub-Class with the least voting power.

“C” is the voting power of the Member Sub-Class with the most voting power.

“D” is the ratio of the Member Sub-Class with the **least** voting power.

Second Formula:

“1 - D” is the formula for calculating the ratio of the Member Sub-Class with the **most** voting power.

Step 2: Reallocate the voting power based upon the ratio of the voting power between the Member Sub-Classes as follows:

(a) The formula for calculating the reallocated voting power for the Member Sub-Class with the higher initial voting power is:

$$\underline{(Z * (1 - D)) + V = E}$$

“Z” is the amount the Member Sub-Class’ voting power is reduced from Section 5.14.4(iii).

“1 - D” is the voting power ratio for the Member Sub-Class with the **most** voting power that was calculated above in Step 1.

“V” is the threshold voting power for the Member Sub-class that met its threshold.

“E” is the revised voting power including the amount reallocated.

(b) The formula for calculating the reallocated voting power for the Member Sub-Class with the lower initial voting power is:

$$\underline{(Z * D) + V = E}$$

“Z” is the amount the Member Sub-Class’ voting power is reduced from Section 5.14.4(iii).

“D” is the ratio of the Member Sub-Class with the least voting power expressed in terms of the combined Member

Sub-Class voting power of the classes that met their threshold from 5.14.4(iii).

“V” is the threshold voting power for the Member Sub-Class that met its threshold.

“E” is the revised voting power including the amount reallocated.

(c) The formula for calculating the reallocated voting power for the Member Sub-Class with the reduced voting power is:

$$\underline{V - Z = E}$$

“V” is the voting power for the Member Sub-Class from Section 5.14.4(iii).

“Z” is the amount the Member Sub-Class’ voting power is reduced from Section 5.14.4(iii).

“E” is the revised voting power including the amount reallocated.

(vi) The following tables illustrate the application of Section 5.14.4:

Table 1  
Member Class has Three (3) Member Sub-Classes  
and One (1) Member Sub-Class Fails to Meet Its Threshold

<u>Member Sub-Class</u>	<u>Voting Power (\$5.14.2)</u>	<u>Threshold (\$5.14.2)</u>	<u>Number of Members</u>	<u>Voting Power Reduction (\$5.14.4(iii))</u>	<u>Reallocated Voting Power (Z* §5.14.4(v) Step 1)</u>	<u>Final Voting Power</u>
<u>Alpha</u>	<u>3</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0.75</u>	<u>3.75</u>
<u>Beta</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>-1</u>	<u>0</u>	<u>1.00</u>
<u>Gamma</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>0.25</u>	<u>1.25</u>
<u>Total</u>	<u>6</u>					<u>6.00</u>

Table 2  
Member Class has Three (3) Member Sub-Classes  
and Two (2) Member Sub-Classes Fail to Meet Their Thresholds

<u>Member Sub-Class</u>	<u>Voting Power (\$5.14.2)</u>	<u>Threshold (\$5.14.2)</u>	<u>Number of Members</u>	<u>Voting Power Reduction (\$5.14.4(iii))</u>	<u>Reallocated Voting Power (\$5.14.4(iv)(f))</u>	<u>Final Voting Power</u>
<u>Alpha</u>	<u>3</u>	<u>2</u>	<u>1</u>	<u>-1.5</u>	<u>0</u>	<u>1.5</u>
<u>Beta</u>	<u>2</u>	<u>2</u>	<u>1</u>	<u>-1.0</u>	<u>0</u>	<u>1.0</u>
<u>Gamma</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>2.5</u>	<u>3.5</u>

Total

6

6.0

5.14.~~52~~ Tabulation of Member Override Votes. This Section 5.14.2 applies to Member votes with respect to any proposal by the Developmental Board of Trustees to make an initial Transmission Agreement offer under Section 12.2 and to Member votes on resolutions to dissolve the Corporation submitted to the Members under Article XIII.

(i) If four (4) out of five (5) Member Classes vote, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class, against a proposal by the Developmental Board of Trustees to make an initial Transmission Agreement offer under Section 12.2 or against a resolution to dissolve the Corporation submitted to the Members under Article XIII, then the Developmental Board of Trustees' proposal or resolution shall be overridden.

(ii) The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with the tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within the Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit E.

5.14.~~63~~ Tabulation of Member Votes to Approve Bylaws Amendments. This Section 5.14.3 applies to Member votes with respect to proposed amendments of these Developmental Bylaws under Section 7.2.6.

(i) If four (4) out of five (5) Member Classes vote, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class, in favor of an amendment to the Developmental Bylaws proposed by the Developmental Board of Trustees in accordance with Section 7.2.6, then the proposal amendment shall be approved and shall take effect.

(ii) The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with tabulation of other Member Sub-Class votes within the Member Class to determine proportion of voting power within Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit E.

5.14.~~74~~ Tabulation of Member Votes to Elect Members Representative Committee Members. The tabulation of Member votes with respect to electing Members Representative Committee members shall be as specified in Section 6.3.

5.14.58 Tabulation of Other Member Votes. Any other non-advisory vote by the Members shall pass if a simple majority of the voting power of the Members voting favor the proposal or resolution on which they are voting. To determine whether a simple majority of the voting power votes affirmatively, the vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with the tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within the Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit E.

5.15 Advisory Member Votes. The voting rules applicable to Member advisory votes held by the Interim or Developmental Board of Trustees shall be as specified by the Interim or Developmental Board of Trustees with respect to the matter being submitted to an advisory vote. If the Board does not specify special voting rules, the voting rule and tabulation of advisory member votes shall be as described in Section 5.14.8.

5.16 Restrictions on Transfer. No Member may transfer or assign its membership in the Corporation, or any right or interest therein, to any other Person, whether voluntarily or by operation of law, and any such attempted transfer or assignment shall be null and void and without any force or effect whatsoever; provided, however, that, notwithstanding the foregoing, a Member may, with the prior consent of the Secretary of the Corporation, transfer or assign its membership in the Corporation, and all (but not less than all) of its rights and interests therein, to any Person (other than another Member or the Affiliate of another Member) that acquires all or substantially all of the assets or stock of, or all or substantially all of the partnership, limited liability company membership, or other ownership interests in, the Member. Notwithstanding any such permitted transfer or assignment, all dispute resolution proceedings and appeals that are in effect or pending as of the date of such transfer or assignment shall be followed to completion by the transferring or assigning Member and by other affected Members pursuant to these Developmental Bylaws.

5.17 Effect of Membership. A Member of the Corporation acquires no proprietary or operational interest whatsoever in facilities used in interstate transmission or wholesale sales of electric energy in interstate commerce solely as a consequence of Membership.

## ARTICLE VI

### MEMBERS REPRESENTATIVE COMMITTEE

6.1 Powers and Rights of Members Representative Committee Members. The Corporation shall have a Members Representative Committee which, subject to these Developmental Bylaws and applicable law, shall have the following rights and powers:

(i) The exclusive right and power to (a) elect members of the Developmental Board of Trustees pursuant to Section 7.2.7 and (b) remove any Trustee without cause pursuant to Section 7.3; and

(ii) The nonexclusive right and power to remove any Trustee for cause pursuant to Section 7.3.

6.2 Number and Grouping of Members Representative Committee Members. There shall be thirty (30) members of the Members Representative Committee, elected as specified in Section 6.3.

6.3 Election of Members Representative Committee Members.

6.3.1 The members of the Members Representative Committee shall be elected by the Members to represent their Member Class or Member Sub-Class. In any election of members of the Members Representative Committee, Members shall vote by Member Class or Member Sub-Class, and each voting Member in each Member Class or Member Sub-Class shall have the same voting rights as every other Member in such Member Class or Member Sub-Class.

6.3.2 In the election of members of the Members Representative Committee, the voting rights of the Members shall be as follows for a Member Class with no Member Sub-Classes and a Member Class in which each Member Sub-Class has at least the threshold number of Members specified for each Member Sub-Class in Section 5.14.2. If a Member Class has one (1) or more Member Sub-Classes with fewer than the applicable threshold number of Members, then the voting rights shall be as set forth in Section 6.3.3:

(i) Major Transmitting Utilities Class. Six (6) members of the Members Representative Committee shall be representatives of, and shall be elected by, the Members of the Major Transmitting Utility Member Class that are entitled to vote under Section 5.14.3+(ii)(a). [Drafting note: Voting rights for MTU generally under discussion]

(ii) Transmission-Dependent Utilities Class. Six (6) members of the Members Representative Committee shall be representatives of, and shall be elected by, the Members in the Transmission-Dependent Utilities Member Class. [Drafting note: Sub-class with thresholds are under consideration.] ~~The Members in the Transmission-Dependent Utilities Member Class shall be entitled to nominate and vote in the election of such six (6) members of the Members Representative Committee.~~

(iii) Generators, Power Marketers, and Others Class. Six (6) members of the Members Representative Committee shall be representatives of, and shall be elected by, Members in the Generators, Power Marketers and Others Member Class. The voting rights of the Members in the Generators, Power Marketers, and Others Member Class shall be as follows:

~~(a) — If there are fewer than five (5) Members in the Generators, Power Marketers, and Others Member Class that are neither Generators nor Power Marketers, then:~~

~~(A) — six (6) members of the Members Representative Committee shall be representatives of, and shall be elected by, the Members in the Generators, Power Marketers, and Others Member Class that are Generators or Power Marketers; and~~

~~(B) — such Members shall be entitled to nominate and vote in the election of each of such six (6) members of the Members Representative Committee, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee.~~

~~(b) — If there are at least five (5) Members in the Generators, Power Marketers, and Others Member Class that are neither Generators nor Power Marketers, then:~~

~~(aA)~~ five (5) members of the Members Representative Committee shall be representatives of, and shall be elected by, the Members in the Generators, Power Marketers, and Others Member Class that are either Generators or Power Marketers, and such Members shall be entitled to nominate and vote in the election of each of such five (5) members of the Members Representative Committee, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee; and

~~(bB)~~ one (1) member of the Members Representative Committee shall be a representative of, and shall be elected by, the Members in the Generators, Power Marketers, and Others Member Class that are not either Generators or Power Marketers, and, ~~so long as there are at least five (5) such Members,~~ they shall be entitled to nominate and vote in the election of such member of the Members Representative Committee, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee.

(iv) End-Use Consumer Class. In the election of members of the Members Representative Committee, the voting rights of the Members in the End-Use Consumers Member Class shall be as follows:



(a) Two (2) members of the Members Representative Committee shall be representatives of, and shall be elected by, Large Unbundled End-Use Consumers if there are at least two (2) Members of the sub-class. Members that are Large Unbundled End-Use Consumers shall be entitled to nominate and vote in the election of such members of the Members Representative Committee in accordance with the foregoing rights ~~so long as there are at least two (2) such Members~~, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee.

(b) One (1) member of the Members Representative Committee shall be the representative of, and shall be elected by, Large Bundled End-Use Consumers. Members that are Large Bundled End-Use Consumers shall be entitled to nominate and vote in the election of such members of the Members Representative Committee in accordance with the foregoing rights, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee.

(c) Three (3) members of the Members Representative Committee shall be representatives of, and shall be elected by, Consumer Advocates, if there are at least three (3) Members of the sub-class. Members that are Consumer Advocates shall be entitled to nominate and vote in the election of such members of the Members Representative Committee in accordance with the foregoing rights ~~so long as there are at least three (3) such Members~~, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee.

(v) State and Provincial Energy Authorities/Tribes/Certain Public Interest Groups Class. In the election of members of the Members Representative Committee, the voting rights of the Members in the State and Provincial Energy Authorities/Tribes/Certain Public Interest Groups Member Class shall be as follows: ~~provided, however, ex officio Members of the State and Provincial Energy Authorities Sub-Class may neither vote nor serve as representatives to the MRC:~~

(a) Four (4) members of the Members Representative Committee shall be representatives of, and shall be elected by, State and Provincial Energy Authorities. Members that are State or Provincial Energy Authorities shall be entitled to nominate and vote in the election of each of such four (4) members of the Members Representative Committee, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee.

(b) One (1) member of the Members Representative Committee shall be the representative of, and shall be elected by, Tribes. Members that are Tribes shall be entitled to nominate and vote in the election of

such member of the Members Representative Committee, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee.

(c) One (1) member of the Members Representative Committee shall be the representative of, and shall be elected by, Certain Public Interest Groups Member Sub-Class. Members that are Certain Public Interest Groups shall be entitled to nominate and vote in the election of such member of the Members Representative Committee, but shall not be entitled to nominate or vote in the election of any other members of the Members Representative Committee.

6.3.3 If a Member Class has one (1) or more Member Sub-Classes with fewer than the applicable threshold number of Members, then the voting rights shall be as set forth in this Section 6.3.3.

(i) A Member Sub-Class that does not meet the threshold for the number of Members for the Member Sub-Class set in Section 5.14.2 shall elect a number of representatives to the Member Representatives Committee according to the following formula:

$$\frac{(X) * V}{(Y)} = Z$$

The numerator “X” is the number of Members in the Member Sub-Class.

The denominator “Y” is the threshold for the Member Sub-Class.

The variable “V” is the number of MRC representatives assigned to the Member Sub-Class in Section 6.3.2

The result “Z” is rounded to the nearest whole number and represents the number of MRC representatives the Member Sub-Class may elect.

By way of illustration, if a Member Sub-Class is entitled to elect five (5) MRC Members if it meets its threshold of five (5) Members, but there are only four (4) Members in the Member Sub-Class, then the Member Sub-Class elects MRC representatives,

$$\frac{(4) * 5}{(5)} = 4$$

By way of further illustration, if a Member Sub-Class has no Members, it will have no MRC representative elected only to represent the interest of that Member Sub-Class.

$$\frac{(0) * 5 = 0.}{(5)}$$

(ii) If the MRC representatives elected by all the Member Sub-Classes in a Member Class equal less than six (6) because of the allocation of MRC representatives described in Section 6.3.3(a), the Member Class as a whole shall elect enough additional MRC representatives to bring the total Member Class representatives to the MRC to six (6).

6.3.43 Notice of any meeting for the election of one (1) or more members of the Members Representative Committee shall be sent to the Members not less than thirty (30) and not more than fifty (50) days prior to the date of the meeting, in accordance with the provisions of Section 5.10. The meeting of the Members to conduct the first election of members of the Members Representative Committee may not be held until the Funding Agreement has been executed, as required by Section 7.1.7(iii)(a). Any Member in any Member Class wishing to nominate any individual for consideration in any such election shall be required to submit the name of such nominee (along with a statement of qualifications, not exceeding two pages in length in any instance, for each nominee) to the Secretary of the Corporation within ten (10) days of the meeting notice date. The Secretary of the Corporation shall, immediately after expiration of such nomination deadline, notify the Members of the names of the nominees for members of the Members Representative Committee and distribute to each Member a copy of the statement of qualifications of each such nominee.

6.3.45 The members of the Members Representative Committee shall be elected by the affirmative vote, by Member Class (or Member Sub-Class, as the case may be), of the Members present and entitled to vote in the applicable Member Class (or Member Sub-Class, as the case may be) at a duly held meeting of the Members. Subject to Section 6.3.2, in any election of members of the Members Representative Committee:

(i) each Member in each Member Class (or Member Sub-Class, as the case may be) shall be entitled to a number of votes equal to the number of MRC vacancies to be filled by such Member's Member Class (or Member Sub-Class, as the case may be) in such election;

(ii) each Member in each Member Class (or Member Sub-Class, as the case may be) shall be entitled to vote for any nominee for election as a representative of such Member Class (or Member Sub-Class, as the case may be) on the Members Representative Committee; and

(iii) no Member may cast more than one (1) vote for any given nominee.

The nominees of each Member Class or Member Sub-Class shall be ranked according to the number of votes received by each, and the number of nominees who receive the largest number of votes in such Member Class or Member Sub-Class, up to the number of nominees as is equal to the number of MRC vacancies to be filled by such Member Class or Member Sub-Class, as

the case may be, in such election, shall be elected to fill such MRC vacancies. In the event that one or more MRC vacancies cannot be filled because two (2) or more nominees receive the same number of votes, a runoff election shall be held among the tied nominees for each such vacancy. In such runoff election, each Member in the Member Class or Member Sub-Class may cast one (1) vote for one of the tied nominees for each such vacancy. The nominee who receives the largest number of votes shall be elected to fill such MRC vacancy. Immediately following any election of Members Representative Committee members, the Secretary of the Corporation shall provide official notice of the results of such election to the Members.

6.4 Procedures in Election of Members Representative Committee Members.

6.4.1 The thirty (30) members of the first full Members Representative Committee shall be elected in accordance with the provisions of Section 6.3, as appropriate.

6.4.2 The Interim and Developmental Board of Trustees shall develop such procedures as they deem reasonable and necessary to ensure that the Members in each Member Class are aware of their right to participate in the nomination and election of Members Representative Committee members.

6.4.3 Unless otherwise specified herein, the Secretary of the Corporation shall determine the appropriate mechanisms and election procedures for elections of Members Representative Committee members, based on time constraints and other relevant factors. Elections may be held by written ballot at a meeting, votes cast at a meeting, or such other procedures as the Secretary of the Corporation designates.

6.5 Term of Office of Members Representative Committee Members. The term of office for Members Representative Committee members shall extend only until either the Members Representative Committee is elected under the Operational Bylaws or the Corporation is dissolved, whichever comes first.

6.6 Resignation or Removal of Members Representative Committee Members; Vacancies. A resignation of a MRC member shall be effective upon receipt of written notice by the Chairperson of the Members Representative Committee, or the President or the Secretary of the Corporation, unless the notice specifies a later time of effectiveness. A Member Class or Member Sub-Class may remove any MRC member whom it has elected at any time, with or without cause, by the affirmative vote of a majority of the Members present and entitled to vote in such Member Class (or Member Sub-Class, as the case may be) at a duly held meeting of the Members of such Member Class (or Member Sub-Class, as the case may be). The Members Representative Committee may remove any MRC member at any time, but only for cause, if at least twenty (20) of the MRC members vote in favor of such removal, at least four (4) of whom must be representative(s) of the same Member Class as the MRC member who is the subject of the removal vote. If a vacancy occurs, the Members entitled under these Developmental Bylaws to elect such MRC member shall fill the vacancy in accordance with the provisions of Section 6.3 at a duly held meeting called in accordance with Section 5.10.2; provided, however, that a meeting of only the Member Class or Member Sub-Class is required for any election or removal in which only a Member Class or Member Sub-Class is entitled to vote. A MRC

member so elected shall serve for the unexpired term of his or her predecessor. For purposes of this Section 6.6, "for cause" shall include, without limitation, a failure on the part of any MRC member, in any fiscal year, to attend more than one-half (1/2) of the meetings of the Members Representative Committee held during such year.

6.7 Meetings of the Members Representative Committee.

6.7.1 The Members Representative Committee shall meet on the date established by the Interim Board for the MRC's first meeting pursuant to Section 7.1.7(iii). At the first meeting of the Members Representative Committee, the MRC shall elect officers, including a Chairperson of the MRC to preside over meetings.

6.7.2 Regularly scheduled or special meetings shall be held at such times as shall from time to time be fixed by the Chairperson of the Members Representative Committee. Special meetings of the Members Representative Committee for any purpose or purposes permitted by these Developmental Bylaws may be called at any time by the Chairperson of the MRC or by any ten (10) MRC members.

6.7.3 Members of the Members Representative Committee may participate in a meeting through the use of conference telephone, electronic video screen communication or similar communications equipment, so long as all MRC members participating in such meeting can hear one another at the same time. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

6.7.4 The Members Representative Committee may, subject to any applicable law, take any action without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the Committee members then in office and entitled to vote.

6.7.5 The Secretary of the Corporation shall maintain minutes of each meeting of the Members Representative Committee or committee thereof, and each written consent of the Members Representative Committee or any subcommittee thereof.

6.8 Notice of Members Representative Committee Meetings. Notice of regularly scheduled and special meetings shall be given to the MRC members not less than fifteen (15) days prior to the meeting if delivered by first-class mail or not less than ten (10) days prior to the meeting if the notice is delivered personally, by telephone, by facsimile, or by electronic mail; provided, however, that notice of special meetings shall not be sent by electronic mail.

6.9 Meetings of Members Representative Committee. In the interests of facilitating participation by the broadest and most diverse array of qualified candidates in the Trustees selection process and to protect the confidentiality of information relating to actual or potential candidates for election to the Developmental Board of Trustees, meetings of the Members Representative Committee shall, except as otherwise determined by the Members Representative Committee, be closed.

6.10 Waivers of Notice. The notice requirements contained in these Developmental Bylaws may be waived in writing by any MRC member with respect to himself or herself, either before or after the meeting. The attendance by any MRC member at a meeting shall constitute a waiver of notice of such meeting except where such MRC member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. All waivers shall be made part of the minutes of the meetings.

6.11 Quorum of Members Representative Committee Members. A quorum for any meeting of the Members Representative Committee shall be a majority of the MRC members then in office. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of MRC members, if any action taken is approved by the required number of MRC members, as specified in these Developmental Bylaws. A majority of the MRC members then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

6.12 Voting of Members Representative Committee Members. ~~The members of the Members Representative Committee shall not vote by class.~~ Except where a greater vote is required by the Articles of Incorporation, applicable law, or these Developmental Bylaws, the affirmative vote of a majority of the MRC members then in office shall be the act of the Members Representative Committee. Each voting MRC member shall have one (1) vote. MRC members may not vote by proxy. The members of the Members Representative Committee shall not vote by class. When voting on matters coming before the MRC, each MRC member shall vote in a manner, as determined by each such MRC member, consistent with the interests of the Member Class (or Member Sub-Class, as the case may be) that elected it and the purposes of the Corporation as set forth in Article III. In addition, when selecting individuals for the Board of Trustees, each MRC member shall endeavor to select individuals who, in the judgment of each such MRC member, best satisfy the criteria set forth in Section 7.2.2. Notwithstanding the fact that the various Members Representative Committee members shall be elected by a given Member Class or Member Sub-Class (as the case may be), Members of the Members Representative Committee shall endeavor to select individuals for the Developmental Board of Trustees who will best accomplish the purposes of the Corporation as set forth in Article III.

6.13 Subcommittees of Members Representative Committee. The Members Representative Committee may, by resolution adopted by a majority of the MRC members then in office, designate one (1) or more subcommittees, each consisting of seven (7) or more MRC members, to serve at the pleasure of the Members Representative Committee. Appointments to such subcommittees shall be made annually by a two-thirds (2/3) vote of the MRC members then in office. Each subcommittee shall have such authority of the Members Representative Committee as is delegated by resolution of the MRC, except that no subcommittee, regardless of the MRC resolution, may elect, appoint, or remove any member of such subcommittee, any member of the Members Representative Committee, or any Trustee.



## **ARTICLE VII**

### **BOARD OF TRUSTEES**

#### **7.1 Interim Board of Trustees.**

7.1.1 Purposes and Authorities. The Interim Board of Trustees shall administer the transition of the Corporation from a non-member corporation to a member corporation, in accordance with the membership application procedures set forth below. The Interim Board shall have the authority to (i) borrow funds and establish and exercise lines of credit, limited to the funding available through the funding agreement in effect as of the date of the adoption of these Developmental Bylaws; (ii) hire and contract for personnel to perform tasks, studies, and activities consistent with the Developmental Stage purposes set forth in Article III, including without limitation continuing the development of the Seams Steering Group-Western Interconnection and its efforts relating to inter-regional planning, coordination, and market monitoring within the Western Interconnection; and (iii) if the Developmental Board has not been seated within eight (8) months from the date of the adoption of the Developmental Bylaws, to reorganize as a non-membership, nonprofit corporation controlled by the Interim Board of Trustees or dissolve the Corporation if the Developmental Board has not been seated within eight (8) months from the date of the adoption of the Developmental Bylaws.

7.1.2 Interim Board of Trustees Members. The Interim Board of Trustees is composed of Frank Afranji, James L. Baggs, Allen Burns, John Carr, Randall O. Cloward, Kimberly Harris, Yakout Mansour, Paul Schmidt, and Ted D. Williams. The Interim Board of Trustees may expand its membership to include a representative of any Major Transmitting Utility Member that is not represented by one of the foregoing Interim Board members. An Interim Board of Trustees member is a representative of a Major Transmitting Utility if the Interim Board of Trustees Member is an employee, officer or agent of the Major Transmitting Utility or of an independent operator of the Major Transmitting Utility's transmission facilities.

7.1.3 Term. The Interim Board of Trustees shall serve until the Developmental Board of Trustees is elected in accordance with the provisions of Section 7.2.7, or until the Corporation is dissolved, whichever occurs first.

7.1.4 Compensation of Interim Board Members. Members of the Interim Board of Trustees shall not receive compensation from the Corporation.

7.1.5 Vacancies. Vacancies on the Interim Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees.

7.1.6 Interim Board of Trustees Conduct Rules. The Trustees Conduct Rules for the Interim Board of Trustees are attached to these Developmental Bylaws as Exhibit B1.



7.1.7 Establishment of Developmental Board.

(i) For purposes of identifying suitable nominees for election to the Developmental Board of Trustees, the Interim Board of Trustees shall select and retain one of the following executive search firms to identify qualified Board candidates satisfying the requirements of these Developmental Bylaws: (a) Heidrick & Struggles International, (b) Korn/Ferry International, (c) Russell Reynolds Associates, or (d) any successor or any other executive search firm that possesses broad and longstanding experience in searches for members of the boards of directors or trustees of entities across a broad range of industries.

(ii) Prior to election of the Developmental Board of Trustees, such executive search firm or firms shall develop a slate of qualified candidates (with the minimum to be equal to the number of vacancies plus one (1) and the maximum to be twice the number of vacancies to be filled in such election. The slate of qualified candidates should include individuals possessing, collectively, knowledge of the operational characteristics of the Pacific Northwest power system and executive management experience or board experience with electric utilities and personal abilities and qualities, such as integrity and leadership, problem-solving, facilitation, and consensus-building abilities. The search firm shall also endeavor to include individuals with relevant experience in commodities markets (including commodities trading risk management); electric bulk power transmission in the Western Interconnection; and utilities law, finance, economics, accounting, information technology, engineering, regulation, and public policy, and to achieve racial, ethnic, age, and gender diversity. In screening potential candidates the executive search firm shall be instructed to exclude any candidates likely to have a conflict of interest with the duties of a Trustee. The executive search firm shall also be instructed to obtain appropriate disclosures by candidates (covering themselves and Related Persons to such candidates) regarding financial interests or other potential conflicts of interest in Market Participants, Members, and major contractors of the Corporation. Such disclosures shall also include any such financial interests or other potential conflicts of interest known by the candidates with respect to other family relations of the candidates. Such disclosures of qualified candidates shall be made available on a confidential basis to the Members Representative Committee upon its election.

(iii) Immediately upon a determination by the Interim Board that the Funding Agreements has been executed to fund the period from the election of the Developmental Board of Trustees through the remainder of the Developmental Stage, the Interim Board shall (a) establish a Members' meeting date for the election of the Members Representative Committee, (b) establish a date for the first meeting of the Members Representative Committee, and (c) provide notice of such elections and dates to the Members, the Regional Representatives Group members, Participating Jurisdictions, and to each person on mailing lists provided to the Interim Board by utility, independent generator, power marketers, large end-users and consumer advocates, tribes, and public interest organizations, and which is either located in or engages in energy transactions in the Geographic Area. The meeting date for the election of the Members

Representative Committee shall be no earlier than thirty (30) days after the Funding Agreement has been executed and the notices are sent. The date for the election of the Developmental Board of Trustees shall be no later than forty-five (45) days after the election of the Members Representative Committee.

(iv) At its first meeting, the Members Representative Committee shall review such candidates and shall nominate for election as Trustees at least five (5) candidates who the Members Representative Committee determines to satisfy the requirements of these Developmental Bylaws for nominees to the Board. If the Members Representative Committee determines that one or more nominees should run unopposed for election as a Trustee, the Members Representative Committee shall nominate such candidate by an affirmative vote of no less than twenty-four (24) members.

(v) The notice required by ~~the~~ paragraph (iii) shall also invite applications for membership in order to become a Member eligible to participate in voting for the Members Representative Committee. The notice shall provide a description of the Member Classes, the requirements for membership, the membership application procedure, and the deadline for membership determinations and the dispute resolution process described in Sections 5.4.6 and 5.6, respectively.

7.1.8 Interim Board of Trustees Amendment of Developmental Bylaws. The Interim Board of Trustees may not amend any provision of these Developmental Bylaws, provided, however, that after eight (8) months from the date of adoption of the Developmental Bylaws, if the Developmental Board has not been seated, the Interim Board of Trustees may amend the Bylaws to reorganize as a non-membership, nonprofit corporation controlled by the Interim Board of Trustees.

## 7.2 Developmental Board of Trustees.

7.2.1 Powers of the Developmental Board of Trustees. Subject to any limitation set forth in these Developmental Bylaws and the Corporation's Articles of Incorporation, the Developmental Board shall be responsible for, and shall have the right to exercise (or direct the exercise of) all powers and authorities with respect to, the business and affairs of the Corporation, and shall carry out the purposes of the Corporation as stated in Article III during its Developmental Stage.

7.2.2 Specific Authorities. Without in any way limiting the provisions of Section 7.2.1, during the Developmental Stage, the Developmental Board of Trustees shall have the authority to (i) borrow funds and establish and exercise lines of credit, subject to the limit on borrowing authority set forth in Section 3.2.5; (ii) hire and contract for personnel to perform tasks, studies, and activities consistent with the Developmental Stage purposes set forth in Article III as the Developmental Board of Trustees determines are appropriate to prepare for the Operational Stage, including without limitation continuing the development of the Seams Steering Group-Western Interconnection and its efforts relating to inter-regional planning, coordination, and market monitoring within the Western Interconnection; (iii) take further action as the Board determines appropriate to prepare the Corporation for the possible transition to the

Operational Stage, including by way of illustration, (a) securing funding to support the Corporation's work during the interim after the adoption of the articles of incorporation for the Operational Stage and the Operational Bylaws and the time when revenues for services rendered in the Operational Stage are collected, and (b) preparing for and applying for tax-exempt status under state or federal law; and (iv) engage in all other transactions necessary and useful in carrying out the Developmental Stage purposes set forth in Article III; provided, however, that all such tasks, studies, and activities shall be performed within the budget and borrowing limits of the Corporation.

7.2.3 Developmental Board Members. There shall be five (5) members of the Developmental Board of Trustees.

7.2.4 Term. Each Trustee's term of office shall extend only until either an Operational Board of Trustees is elected pursuant to the Operational Bylaws or the Corporation is dissolved, whichever comes first.

7.2.5 Adoption of Operational Bylaws. If the Bonneville Power Administration and at least two (2) investor-owned utilities with transmission systems contiguous with Bonneville's system execute Transmission Agreements with the Corporation within the time period specified in Section 13.2, then the Developmental Board of Trustees shall adopt the Operational Bylaws.

7.2.6 Amendment of Developmental Bylaws. The Developmental Board of Trustees may amend these Developmental Bylaws only by the affirmative vote of at least two-thirds (2/3) of the Trustees then in office and an affirmative vote of the Members, with the votes tabulated as provided in Section 5.14.3; provided, however, that adoption of the Operational Bylaws pursuant to Section 7.2.5 shall not be considered an amendment of these Developmental Bylaws; and provided, further, that any provisions of Sections 5.14 and 6.3.2 relating to the qualifications and voting rights of Members of any Member Class or Member Sub-Class may be amended only by the affirmative vote of a majority of the Members present and entitled to vote in such Member Class or Member Sub-Class at a duly held meeting of the Members in such Member Class or Member Sub-Class. All Members must receive at least thirty (30) days notice of any vote on any proposed amendment of any of such provisions.

7.2.7 Election of Developmental Board of Trustees.

(i) The members of the Developmental Board of Trustees shall be elected by the members of the Members Representative Committee, in accordance with the provisions of this Article VII.

(ii) The members of the Developmental Board of Trustees, including nominees designated by the Members Representative Committee to run unopposed, shall be elected by the affirmative vote of not less than twenty-four (24) of the thirty (30) members of the Members Representative Committee. In any election of Trustees, each member of the Members Representative Committee shall be entitled (a) to a number of votes equal to the number of vacancies to be filled in the election and (b) to vote for any

nominee for Trustee and shall be required to vote for as many nominees as there are vacancies to be filled in the election; provided, however, that no member of the Members Representative Committee (1) may cast more than one (1) vote for any given nominee; (2) may vote for any number of nominees in excess of the number of Board vacancies to be filled in such election, ~~and-or~~ (3) is required to vote for an unopposed nominee for whom the Member did not vote affirmatively to nominate. Except with respect to the vote on a nominee designated to run unopposed by a Member that did not support the nomination, if any member of the Members Representative Committee fails, in any election of Trustees, to cast each and all of the votes that such MRC member is entitled to cast, each vote that such MRC member has failed to cast shall be allocated at random, one by one, to another MRC member and cast by such MRC member in favor of a nominee of such member's choice for Trustee in such election. The Trustees-elect shall comprise only those nominees receiving the highest vote (but not in any event less than twenty-four (24) votes) of the MRC members, up to such number of nominees as is equal to the number of Board vacancies to be filled in such election. If a vacancy cannot be filled because two (2) or more nominees receiving at least twenty-four (24) votes receive the same number of votes, a runoff election shall be held among such nominees and shall be repeated until the tie is broken. If fewer than the requisite number of nominees receive twenty-four (24) or more votes, a runoff election shall be held among the nominees receiving less than twenty-four (24) votes; and in the event that fewer than the requisite number of nominees receive the requisite vote in such runoff election, the Members Representative Committee shall be entitled to request that the executive search firm or firms retained by the Interim Board of Trustees for the purpose of identifying suitable Trustee candidates undertake a further search for substitute candidates for the vacant position or positions. Immediately following any election of Trustees of the Developmental Board, the Secretary of the Corporation shall provide official notice of the results of such election to the members of the Members Representative Committee and the Members.

(iii) Unless otherwise specified herein, the Members Representative Committee shall determine the appropriate mechanisms and election procedures for elections of Trustees, based on time constraints and other relevant factors. Elections may be held by written ballot at a meeting, votes cast at a meeting, or such other procedures as the Members Representative Committee designates.

**7.3 Resignation or Removal of Trustees; Vacancies.** A resignation of a Trustee shall be effective upon receipt of written notice by the Chairperson of the Developmental Board of Trustees, or the President or the Secretary of the Corporation, unless the notice specifies a later time of effectiveness. The members of the Members Representative Committee may remove any Trustee at any time, without cause, by the affirmative vote of not less than twenty-four (24) of the members of the Members Representative Committee present at a duly held meeting of the MRC. The members of the Members Representative Committee may remove any Trustee at any time, for cause, by the affirmative vote of not less than twenty (20) of the members of the Members Representative Committee present at a duly held meeting of the MRC. The Developmental Board of Trustees may remove any Trustee at any time, but only for cause, if at least two-thirds (2/3) of the Trustees then in office vote in favor of such removal. If a vacancy

occurs, the members of the Members Representative Committee shall elect a replacement Trustee to fill the vacancy in accordance with the provisions of Section 7.2.7. A Trustee so elected shall serve for the unexpired term of his or her predecessor. For purposes of this Section 7.3, “for cause” shall include, without limitation, a Trustee’s willful misconduct or conviction of a felony, violation by a Trustee of the conflict-of-interest or disqualification provisions of these Developmental Bylaws, or a failure on the part of a Trustee, in any fiscal year, to attend more than one-half (1/2) of the meetings of the Developmental Board of Trustees held during such year.

#### 7.4 Meetings of the Developmental Board of Trustees.

7.4.1 The Developmental Board of Trustees shall meet at least six (6) times each fiscal year at such dates, times, and places within the Geographic Area as the Developmental Board of Trustees shall determine, provided, however, that the Developmental Board of Trustees shall have its first meeting within thirty (30) days following its election. At the first meeting in the first quarter of each fiscal year, the Developmental Board of Trustees shall elect officers, including a Chairperson of the Board to preside over meetings. The regularly scheduled meetings of the Developmental Board of Trustees shall be established for each fiscal year in advance.

7.4.2 In addition to the regular meetings of the Developmental Board of Trustees, additional regularly scheduled or special meetings shall be held at such times as shall from time to time be fixed by the Chairperson of the Developmental Board of Trustees. Special meetings of the Developmental Board of Trustees for any purpose or purposes may be called at any time by the President of the Corporation or by any two (2) Trustees.

7.4.3 Trustees may participate in a meeting through the use of conference telephone, electronic video screen communication, or similar communications equipment, so long as all Trustees participating in such meeting can hear one another at the same time and arrangements are made to afford the public an opportunity to attend and observe any such meeting (with the exception of closed sessions held pursuant to Section 7.6). Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

7.4.4 The Developmental Board of Trustees may, subject to any applicable law, take any action without a meeting, if a consent in writing, setting forth the action so taken shall be signed by all of the Trustees then in office and entitled to vote.

7.4.5 The Secretary of the Corporation shall make public the minutes of each meeting of the Developmental Board of Trustees or committee thereof (with the exception of closed sessions held pursuant to Section 7.6), and each written consent of the Developmental Board of Trustees or any committee thereof, by posting the same on the Grid West Web site and at the offices of the Corporation, or by any other reasonable means, within fifteen (15) days after the date on which the meeting was held or the consent was last signed.

7.5 Notice of Developmental Board of Trustees Meetings.

7.5.1 Notice of regularly scheduled and special meetings shall be given to the Trustees not less than ten (10) days prior to the meeting if delivered by first-class mail or not less than five (5) days prior to the meeting if the notice is delivered personally, by telephone, by facsimile or by electronic mail; provided, however, that notice of special meetings shall not be effective if sent solely by electronic mail.

7.5.2 Public notice of each meeting of the Developmental Board of Trustees (including meetings to be held in whole or in part in closed session pursuant to Section 7.6) shall be placed on the Grid West Web site and posted at the offices of the Corporation at least ten (10) days prior to the meeting (or the soonest date practicable thereafter) if notice of such meeting has been delivered to the Trustees by first-class mail and at least five (5) days prior to the meeting (or the soonest date practicable thereafter) if notice of such meeting has been delivered to the Trustees personally, by telephone, by facsimile, or by electronic mail. Public notice of any adjournment and reconvening of any such meeting shall be placed on the Grid West Web site and posted at the offices of the Corporation as soon as practicable after any such adjournment. Each such notice shall include an agenda that makes it clear which items are for purposes of discussion, which items are for purposes of taking action, and, to the extent practicable, which items are to be considered in a closed session; provided, however, that the failure of any item to be included on any such agenda shall not prevent action from being taken thereon at any meeting. In the event that any changes are made to any such agenda prior to the meeting to which the agenda relates, the Secretary of the Corporation shall make reasonable efforts to provide public notice of any such changes as soon as practicable in advance of the meeting. In addition, notice of each meeting shall be sent by the Secretary of the Corporation, by first-class mail, telegram (charges prepaid), facsimile, or electronic mail, to each Member who so requests, and to each member of the public who so requests and who has provided such Secretary of the Corporation with complete information regarding such person's name and address; provided, however, that the failure of any such Member or member of the public to receive notice of any meeting of the Developmental Board of Trustees shall not under any circumstances affect the validity of such meeting or any action taken at such meeting. In the event of any emergency meeting of the Developmental Board of Trustees, the notice requirements of this Section 7.5.2 shall be suspended and the Secretary of the Corporation shall use whatever efforts the Secretary of the Corporation, in his or her sole discretion, deems reasonable, in light of all the facts and circumstances, to inform the Members and the public regarding the meeting and the matters scheduled to be considered at the meeting.

7.6 Open Meetings. Meetings of the Developmental Board of Trustees held pursuant to this Article VII shall generally be open to any and all Members and any and all members of the public, and except as hereinafter set forth, any member of the public shall be entitled to attend and observe the proceedings of any regular or special meeting of the Developmental Board of Trustees. Subject to such procedural restrictions as may be reasonably imposed by the Developmental Board of Trustees, Members and members of the Regional Representatives Group shall have the right to address the Developmental Board of Trustees at all regular or special meetings of the Board. Notwithstanding the foregoing, the Developmental Board of Trustees may, at any time during any open meeting of the Developmental Board of Trustees,



upon approval by the affirmative vote of not less than two-thirds (2/3) of the Trustees present at such meeting, adjourn the meeting and reconvene in a closed session for discussion of litigation or potential litigation, personnel matters, vendor or contractor selection, real estate transactions, commercially sensitive information, and other matters that are reasonably and in good faith determined by the Developmental Board of Trustees to be entitled to confidential treatment. Only Trustees and certain officers, employees, and agents of the Corporation, as designated by the Trustees, may be present during any closed session; provided, however, that to the extent deemed necessary by the Chairperson of the Board, any other person or persons having business before the Developmental Board of Trustees that relates specifically to the matter or matters to be discussed during any portion of a closed session may be present during such portion of a closed session.

7.7 Waivers of Notice. The notice requirements contained in these Developmental Bylaws may be waived in writing by any Trustee with respect to himself or herself, either before or after the meeting. The attendance by any Trustee at a meeting shall constitute a waiver of notice of such meeting except where such Trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. All waivers shall be made part of the minutes of the meetings.

7.8 Quorum of Trustees. A quorum for any meeting of the Developmental Board of Trustees shall be a majority of the Trustees then in office. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Trustees, if any action taken is approved by the required number of Trustees, as specified in these Developmental Bylaws. A majority of the Trustees then present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

7.9 Voting of Trustees. Except where a greater vote is required by the Articles of Incorporation, applicable law, or these Developmental Bylaws, the affirmative vote of a majority of the Trustees then in office shall be the act of the Developmental Board of Trustees. Each Trustee shall have one vote. Trustees may not vote by proxy.

7.10 Individuals Who Are Prohibited from Serving as Trustees.

7.10.1 Prohibited Individuals. Except as set forth in Section 7.10.2, no individual may be nominated for election to or become a member of the Developmental Board of Trustees, or at any time serve on the Developmental Board of Trustees, if such individual (or the spouse, domestic partner, or any legal dependent of such individual):

- (i) has a direct or indirect financial interest in (including the ownership of securities of) a Market Participant or Member (or any Affiliate of any of such Persons); provided, however, that such individual ~~-(or the spouse, domestic partner, or any legal dependent of such individual)~~ will be permitted to own securities of a Market Participant or Member (or any Affiliate of any such Persons) through diversified mutual funds (other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segments thereof); or

(ii) is connected (or has been connected within one (1) year prior to the date of the meeting to nominate individuals for Trustee) as an owner, director, officer, employee, partner, principal, member of a governing board or council, or in any similar capacity to a Market Participant or Member (or any Affiliate of any of such Persons); provided, however, that an individual who served as an employee elected or appointed public official of a Participating Jurisdiction may be nominated; or

(iii) has a Related Person who is an officer, chief executive or general manager, director or trustee or member of a governing board, or council, or occupies a position of similar capacity of a Market Participant or Member (or any Affiliate of any such Person), provided that the individual may be nominated if the Related Person commits to retire or otherwise leaves the position that gives rise to the disqualification prior to the date of the first meeting of Trustees after the nominee is elected as a Trustee. The Trustee may only serve if the commitment is honored.

7.10.2 Exceptions Concerning Prohibited Individuals. An individual shall not be deemed to be in violation of the restrictions set forth in Section 7.10.1 and shall not be prohibited from serving as Trustee merely because such individual (or the spouse, domestic partner, or any legal dependent of such individual):

(i) is a residential retail consumer of electric energy; or

(ii) continues his or her pre-existing participation in a qualified defined benefits or defined contribution pension plan, or in a nonqualified deferred compensation or pension plan or health benefits plan of a Market Participant or Member (or any Affiliate of any of such Persons) for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such individual under any such pension plan do not vary with the economic performance of such Market Participant or Member (or any Affiliate of any of such Persons) (other than the potential variance due to risk of bankruptcy) or the value of any securities of any such Market Participant or Member (or any Affiliate of any of such Persons) held by such plan.

#### 7.11 Continuing Restrictions on Former Trustees.

7.11.1 General Restrictions. Except as set forth in Section 7.11.2, during the period of one hundred eighty (180) consecutive days following the date on which an individual ceases to be a Trustee:

(i) neither such individual nor the spouse, domestic partner, or any legal dependent of such individual may have or acquire a direct or indirect financial interest in a Market Participant or Member (or any Affiliate of any of such Persons); provided, however, that such individual (or the spouse, domestic partner, or any legal dependent of such individual) will be permitted to own securities of a Market Participant or Member (or any Affiliate of any of such Persons) through diversified mutual funds



(other than those funds concentrating their investments in the electric power industry or the electric utility industry or any segment thereof);

(ii) neither such individual nor the spouse, domestic partner, or any legal dependent of such individual:

(a) may be or become connected as an owner, director, officer, employee, partner, principal, consultant, or in any similar capacity to a Market Participant or Member (or any Affiliate of any of such Persons); or

(b) may receive in such person's individual capacity an amount in excess of \$10,000 (U.S.) (exclusive of retirement income or benefits) in the aggregate from the Corporation, any Market Participant, or any Member (or any Affiliate of any of such Persons) as rent or payments for materials, products, or services;

(iii) neither such individuals nor any Related Person of such individuals may receive an amount in excess of \$10,000 (U.S.) (exclusive of retirement income or benefits) from relationships with other entities that receive substantial amounts of income or other benefits from the Corporation, any Market Participants or any Member (or any Affiliate of such Persons). The Developmental Board of Trustees shall have the discretion to determine from time to time in meetings open to the public what shall constitute substantial amounts of income or other benefits for purposes of this restriction.

7.11.2 Exceptions Concerning Continuing Restrictions. An individual shall not be deemed to be in violation of the restrictions set forth in Section 7.11.1 merely because such individual (or the spouse, domestic partner, or any legal dependent of such individual):

(i) is a residential retail consumer of electric energy; or

(ii) continues his or her pre-existing participation in a qualified defined benefits or defined contribution pension plan, nonqualified deferred compensation or pension plan or health benefits plan of a Market Participant, Member (or any Affiliate of any of such Persons) for purposes of receiving pension benefits and post-employment health benefits or remaining eligible to receive such benefits at a future time so long as the benefits to such individual under any such pension plan do not vary with the economic performance of such Market Participant or Member (or any Affiliate of any of such Persons) (other than the potential variance due to risk of bankruptcy) or the value of any securities of any such Market Participant or Member (or any Affiliate of any of such Persons) held by such plan.

## 7.12 Standard of Care.

7.12.1 A Trustee shall perform the duties of a Trustee, including duties as a member of any committee of the Developmental Board of Trustees on which the Trustee may serve, in good faith, in a manner that such Trustee believes to be in the best interests of the

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Corporation in achieving the purposes set forth in Article III, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances.

7.12.2 In performing the duties of Trustee, a Trustee shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

- (i) any advisory committee established by the Developmental Board of Trustees pursuant to Section 8.2 of these Developmental Bylaws;
- (ii) one (1) or more officers or employees of the Corporation whom the Trustee reasonably believes to be reliable and competent in the matter presented;
- (iii) legal counsel, public accountants, or other persons as to matters that the Trustee reasonably believes are within such person's professional or expert competence; or
- (iv) a committee of the Developmental Board of Trustees upon which the Trustee does not serve, duly designated in accordance with a provision in the Articles of Incorporation or these Developmental Bylaws, as to matters within such committee's designated authority, which committee the Trustee believes to merit confidence; so long as, in any such case, the Trustee acts in good faith, after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

7.12.3 The Developmental Board of Trustees shall ensure, to the extent practicable, that each Trustee complies with the Corporation's Trustees Conduct Rules, which Conduct Rules may be changed from time to time by the Developmental Board of Trustees. The initial Trustees Conduct Rules for the Developmental Board of Trustees are attached to these Developmental Bylaws as Exhibit B2.

7.12.4 The Developmental Board of Trustees shall develop and implement policies, designed to ensure independence from Market Participants, regarding the ownership of securities of suppliers of the Corporation or of other financial interest relating to the Corporation, by Trustees, officers, and employees of the Corporation (including Related Persons of such Trustees, officers, and employees). Each Trustee, officer, and other employee of the Corporation as may be designated pursuant to policies established by the Board of Trustees shall file an annual compliance affidavit with the Developmental Board of Trustees.

7.13 Prohibition Against Loans. The Corporation shall not make any loan of money or property to or guarantee the obligation of any Trustee or Related Person of a Trustee; provided, however, that the Corporation may advance money to a Trustee for expenses reasonably anticipated to be incurred in performance of the duties of such Trustee so long as such individual would be entitled to reimbursement for such expenses absent such advance.

7.14 Inspection Rights. Every Trustee shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents, and to inspect the physical properties, of the Corporation. No Trustee shall use or disseminate any information (other than any information regarding a violation of tariffs or laws) obtained as a result of any such inspection, or otherwise in his or her capacity as a Trustee, for his or her own personal gain or to the detriment of the Corporation.

7.15 Compensation of Developmental Board Members.

7.15.1 Trustees (with the exception of the members of the Interim Board of Trustees, who shall not receive any compensation from the Corporation for their service as Trustees) shall receive base compensation in the amount of \$30,000 (U.S.) per year and additional compensation in the amount of \$1,000 (U.S.) per day for attendance at each meeting of the Developmental Board of Trustees or committee thereof, and \$500 (U.S.) per day for any other meetings related to the business of the Corporation that the Developmental Board of Trustees determines a Trustee should attend, to obtain the widest possible input into the decisions of the Developmental Board of Trustees and to avoid hardship on the part of such Trustees; provided, however, that the total compensation for each Trustee shall not exceed \$120,000 (U.S.) in any calendar year; and further provided that the Developmental Board of Trustees may designate one Trustee to serve as the Corporation's Chief Executive Officer (or in a similar capacity). If the Developmental Board of Trustees designates a Trustee to serve as the Corporation's Chief Executive Officer (or in a similar capacity), the Developmental Board of Trustees may prospectively provide for that Trustee to receive additional compensation and exceed the \$120,000 (U.S.) limit otherwise applicable under this Section 7.15.1. Any such proposed designation or increase in the Trustee's total authorized compensation must be approved at a meeting noticed pursuant to Section 7.5, and any decision to so designate or increase compensation must be promptly disclosed to the Corporation's Members.

7.15.2 Trustees shall also be entitled to receive reimbursement for reasonable and necessary travel and other actual expenses incurred in performing duties of their offices and in attending meetings of the Developmental Board of Trustees and meetings of committees of the Developmental Board of Trustees or advisory committees.

## **ARTICLE VIII**

### **COMMITTEES OF THE DEVELOPMENTAL BOARD OF TRUSTEES**

8.1 Committees of Trustees. The Developmental Board of Trustees may, by resolution adopted by a majority of the Trustees then in office, designate one (1) or more committees, each consisting of two (2) or more Trustees, to serve at the pleasure of the Developmental Board of Trustees. Appointments to such committees may be made at any meeting of the Developmental Board of Trustees by a majority vote of the Trustees then in office. Each committee shall have such authority of the Developmental Board of Trustees as is delegated by resolution of the Developmental Board, except that no committee, regardless of the Developmental Board of Trustees resolution, may:

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8.1.1 Elect, appoint, or remove any member of such committee, any Trustee, or any officer of the Corporation;

8.1.2 Appoint any other committees of the Developmental Board of Trustees or the members of any such committees;

8.1.3 Fix compensation of Trustees for serving on the Interim or Developmental Board of Trustees or any committee;

8.1.4 Amend, alter, or repeal these Developmental Bylaws, or adopt new bylaws, or amend the Articles of Incorporation;

8.1.5 Amend, alter, or repeal any resolution of the Interim or Developmental Board of Trustees;

8.1.6 Adopt a plan of merger or consolidation;

8.1.7 Authorize or cause the Corporation to enter into any binding contract or other legal obligation or incur any liability;

8.1.8 Authorize the sale, lease, exchange, mortgage, or pledge of all or substantially all of the property or the assets of the Corporation; or

8.1.9 Authorize the voluntary dissolution of the Corporation or revoke proceedings therefor, or adopt a plan for the distribution of the assets of the Corporation on dissolution.

8.2 Advisory Committees. The Developmental Board of Trustees may appoint advisory committees from time to time at its discretion. Advisory committees' membership may consist of both Trustees and non-Trustees or non-Trustees only. Advisory committees have no authority to act for the Corporation but shall report their findings and recommendations to the Developmental Board of Trustees.

8.3 Meetings. Regular and special meetings of committees of the Developmental Board of Trustees and any advisory committees shall be governed by, and the procedures relating to such meetings and actions taken by such committees at such meetings or by written consent shall be carried out in accordance with, the provisions of Sections 7.4 through 7.9 concerning meetings of the Developmental Board of Trustees. For the purposes of the application of Article VII to the meetings of committees of the Developmental Board of Trustees or advisory committees, references in Article VII to the Developmental Board of Trustees shall be read as references to the applicable committee of the Developmental Board of Trustees or to the applicable advisory committee. Minutes of each meeting of any committee (with the exception of closed sessions held pursuant to Section 7.6) shall be kept and filed with the corporate records. The Developmental Board of Trustees may adopt rules for the governance of any committee not inconsistent with the provisions of these Developmental Bylaws.

## **ARTICLE IX**

### **OFFICERS AND STAFF**

9.1 Officers. The officers of the Corporation shall be a President, one (1) or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Interim or Developmental Board of Trustees may appoint. The same person may hold two (2) or more offices, except that the offices of ~~President~~ and Secretary may not be held by the same person. Officers may, but need not, be members of the Interim or Developmental Board of Trustees.

9.2 Appointment. The Interim Board of Trustees may appoint officers of the Corporation during the time the Interim Board of Trustees is in office, and the Developmental Board of Trustees may appoint officer(s) of the Corporation during the time the Developmental Board of Trustees is in office. Officers may be appointed at any meeting of the Interim or Developmental Board of Trustees and the terms of service of the officers so appointed shall be as specified by the Interim or Developmental Board of Trustees.

9.3 Removal. Subject to the rights, if any, of the officer under any contract of employment, the Interim or Developmental Board of Trustees may remove any officer of the Corporation whenever, in the Interim or Developmental Board's judgment, removal will serve the best interests of the Corporation.

9.4 Resignation. Any officer may resign at any time by giving written notice to the Secretary of the Corporation. Any resignation shall take effect on the date of the receipt of that notice or at any later time specified by that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract of employment with the officer.

9.5 President. The President shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Interim or Developmental Board of Trustees. He or she shall have such additional powers and duties as may be prescribed by the Interim or Developmental Board of Trustees.

9.6 Vice President. During the absence or disability of the President, the Vice President (or in the event that there be more than one Vice President, the Vice Presidents in the order designated by the Interim or Developmental Board of Trustees) shall exercise all functions of the President, except as limited by resolution of the Interim or Developmental Board of Trustees. Each Vice President shall have such powers and discharge such duties as may be assigned from time to time to such Vice President by the President or by the Interim or Developmental Board of Trustees.

9.7 Secretary. The Secretary of the Corporation shall serve notice of and act as Secretary of the Corporation at all meetings of the Interim or Developmental Board of Trustees, shall administer the meetings of Members as provided in Articles V and VI, shall record the proceedings of all meetings (other than closed sessions held pursuant to the applicable provisions

of these Developmental Bylaws) in the minute books, and shall be responsible for conducting the affairs of the Corporation in a manner consistent with the policies and directives of the Interim or Developmental Board of Trustees. The Secretary of the Corporation shall have such additional powers and duties as shall be prescribed by the Interim or Developmental Board of Trustees.

9.8 Treasurer. The Treasurer of the Corporation shall have the care and custody of the money, funds, and securities of the Corporation, shall account for the same, and shall have and exercise, under the supervision of the Interim or Developmental Board of Trustees, all the powers and duties commonly incident to this office. The Treasurer shall prepare and maintain the books, accounts and financial statements, financial records, and financial reports of the Corporation consistent with generally accepted accounting principles.

9.9 Additional Officers. The Interim or Developmental Board of Trustees may appoint one (1) or more additional officers to perform such duties and have such powers as the Interim or Developmental Board of Trustees shall designate.

9.10 Compensation; Prohibition Against Loans.

9.10.1 Compensation of the officers shall be determined by the Interim or Developmental Board of Trustees.

9.10.2 The Corporation shall not make any loan of money or property to or guarantee the obligation of any officer or Related Person of an officer; provided, however, that the Corporation may advance money to an officer for expenses reasonably anticipated to be incurred in performance of the duties of such officer so long as the officer would be entitled to reimbursement for such expenses absent such advance.

9.11 Execution of Instruments. The President shall have the authority to execute legal instruments on behalf of the Corporation, subject to any restrictions or limitations that the Interim or Developmental Board of Trustees may impose. The President's authority to execute legal instruments on behalf of the Corporation may be delegated by the President to other officers and employees of the Corporation on a general or limited basis with the prior written approval of the Interim or Developmental Board of Trustees.

9.12 Staffing. Officers of the Corporation may, within such budgetary authority and subject to such other restrictions and requirements as these Developmental Bylaws for the Interim or Developmental Board of Trustees may establish from time to time, hire or contract with such staff as is necessary to fulfill the purposes of the Corporation.

9.13 Conduct Rules. The Developmental Board of Trustees shall ensure that the officers, employees and substantially full-time consultants and contractors of the Corporation, and any transmission owner or operator personnel or other individuals performing discretionary functions for or on behalf of the Corporation, comply with the Employees Conduct Rules. The Employees Conduct Rules may be amended from time to time. The initial Employees Conduct Rules are attached to these Developmental Bylaws as Exhibit A. All contracts with non-full-time contractors shall include appropriate conduct standards, as determined by the

Developmental Board of Trustees from time to time, taking into account the nature of the work of such contractor and the value of such contractor's work to the Corporation. The Developmental Board of Trustees may in its discretion include in the Employees Conduct Rules specific post-employment restrictions on former Employees, including restrictions on involvement in any matter in which the former Employee was directly involved while an Employee and restrictions for a limited period on any appearances before the Corporation in a representative capacity.

## **ARTICLE X**

### **RECORDS**

#### **10.1 Records Available for Inspection.**

10.1.1 The Corporation shall keep or cause to be kept at its principal office the following records created during the Developmental Stage:

- (i) A copy of the Articles of Incorporation and all amendments thereof and a copy of all certificates filed with the Secretary of State in the Corporation's state of incorporation;
- (ii) A copy of these Developmental Bylaws, as amended, duly certified by the Secretary of the Corporation;
- (iii) A record of Members, including the name, address, and Member Class of each Member;
- (iv) Correct and adequate records of accounts and finances;
- (v) A record of officers' and directors' names and addresses;
- (vi) Minutes of all meetings of the Members and of all meetings of the Developmental Board of Trustees and each committee thereof (other than closed sessions held pursuant to the applicable provisions of these Developmental Bylaws); and
- (vii) The records kept pursuant to this Section 10.1 shall be open at any reasonable time to inspection by any Member. Such records may be written, or electronic if capable of being converted to writing. The Corporation may impose reasonable charges for any copies of the Corporation's records that a Member requests in connection with exercising its inspection rights under this Section 10.1(vii).

10.2 Annual Financial Statements.

10.2.1 As soon as reasonably practicable after the close of the fiscal year, annual financial statements of the Corporation for the Developmental Stage shall be prepared in accordance with generally accepted accounting principles. The financial statements shall contain in appropriate detail the following:

- (i) The assets and liabilities, including trust funds, of the Corporation as of the end of the fiscal year;
- (ii) The principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (iii) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;
- (iv) The expenses or disbursements of the Corporation, for both general and restricted purposes during the fiscal year;
- (v) Any transaction or series of related transactions during the previous fiscal year involving \$10,000 (U.S.) or more to which the Corporation was a party and in which any Trustees or officers of the Corporation had or have a direct or indirect material financial interest. The report must disclose the names of the interested persons involved in such transaction, stating such person's relationship to the Corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; and
- (vi) The amount and circumstances of any indemnification or advances aggregating more than \$10,000 (U.S.) paid during the fiscal year to any Trustee or officer of the Corporation.

10.2.2 The Developmental Board of Trustees shall cause the Developmental Stage financial statements of the Corporation to be reviewed by an independent accountant on at least an annual basis, with the independent accountant's review results to be summarized in a formal letter to the Developmental Board of Trustees.

10.2.3 The Developmental Board of Trustees may, at its discretion, cause reports concerning the Corporation's financial status during the Developmental Stage to be prepared and delivered to the Members from time to time (and, if the Board deems it appropriate, to the general public as well). The Developmental Board of Trustees may require that reports concerning the Corporation's financial status during the Developmental Stage be made available to the general public subject to a requirement that requesting parties pay the reasonable costs of providing the reports.



10.3 Records Retention. The Developmental Board of Trustees shall cause to be developed and implemented a records retention program complying with all applicable legal requirements.

## **ARTICLE XI**

### **INDEMNIFICATION OF TRUSTEES, OFFICERS, EMPLOYEES AND AGENTS**

11.1 Definitions. As used in this Article XI:

11.1.1 “Agent” means an individual who is or was an agent of the Corporation or an individual who, while an agent of the Corporation, is or was serving at the Corporation’s request as a trustee, officer, partner, director, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. Agent includes, unless the context requires otherwise, the estate or personal representative of an Agent.

11.1.2 “Corporation” means this Corporation, formerly known as RTO West.

11.1.3 “Employee” means an individual who is or was an employee of the Corporation or an individual who, while an employee of the Corporation, is or was serving at the Corporation’s request as a trustee, officer, partner, director, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. Employee includes, unless the context requires otherwise, the estate or personal representative of an Employee.

11.1.4 “Expenses” include attorneys’ fees.

11.1.5 “Indemnatee” means an individual made a party to a proceeding because the individual is or was a Trustee, Officer, Employee, or Agent of the Corporation, and who possesses indemnification rights pursuant to the Articles of Incorporation, these Developmental Bylaws, or other corporate action. An Employee or Agent shall not be considered an Indemnatee pursuant to the Articles of Incorporation or these Developmental Bylaws unless the Developmental Board has exercised its power to provide indemnification to Employees and Agents generally or with respect to the particular Employee or Agent involved in the proceeding. Indemnatee shall also include the heirs, executors, and other successors in interest of such individuals.

11.1.6 “Liability” means the obligation to pay a judgment, a settlement, a penalty, a fine (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

11.1.7 “Officer” means an individual who is or was an officer of the Corporation or an individual who, while an officer of the Corporation, is or was serving at the Corporation’s request as a trustee, officer, partner, director, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. Officer

includes, unless the context requires otherwise, the estate or personal representative of an Officer.

11.1.8 “Party” includes an individual who was, is, or is threatened to be named a defendant or respondent in a Proceeding.

11.1.9 “Proceeding” means any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal.

11.1.10 “Trustee” means an individual who is or was a Trustee of the Corporation or an individual who, while a Trustee of the Corporation, is or was serving at the Corporation’s request as a trustee, officer, partner, director, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. Trustee includes, unless the context requires otherwise, the estate or personal representative of a Trustee.

11.2 Liability of Trustees; Indemnification Rights of Members of the Developmental Board of Trustees and Certain Officers.

11.2.1 Trustees shall be liable to the Corporation only for the following: (i) acts or omissions that involve intentional misconduct by the director; (ii) knowing violation of law by the director; (iii) conduct violating RCW 23B.08.310; and (iv) any transaction from which the director personally receives a benefit in money, property, or services to which the director is not legally entitled. If the Washington Business Corporation Act, as applied to nonprofit corporations, is amended to authorize corporate action further eliminating or limiting the personal liability of directors and trustees, then the liability of a Trustee shall be deemed eliminated or limited to the fullest extent permitted by the Washington Business Corporation Act, as so amended.

11.2.2 The Corporation shall indemnify the members of the Developmental Board of Trustees and any Officers who are not members of the Interim Board to the full extent permitted by applicable law as then in effect against liability arising out of a Proceeding to which such individual was made a party because the individual is or was a Trustee or Officer of the Corporation. The Corporation shall advance expenses incurred by such persons who are parties to a proceeding in advance of final disposition of the proceeding, as provided herein. The Corporation may not indemnify members of the Interim Board.

11.3 Indemnification of Employees and Agents. The Corporation shall have the power, to the fullest extent and in the manner permitted by applicable law, to indemnify and advance expenses to each of its Employees and Agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that such person is or was an Employee or Agent of the Corporation.

11.4 Procedure for Seeking Indemnification and/or Advancement of Expenses.

11.4.1 Notification and Defense of Claim.

(i) Indemnitee shall promptly notify the Secretary of the Corporation in writing of any proceeding for which indemnification could be sought under this Article XI. In addition, Indemnitee shall give the Corporation such information and cooperation as it may reasonably require and as shall be within Indemnitee's power.

(ii) With respect to any such proceeding as to which Indemnitee has so notified the Secretary of the Corporation:

(a) The Corporation will be entitled to participate therein at its own expense; and

(b) Except as otherwise provided below, to the extent that it may wish, the Corporation, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnitee. Indemnitee's consent to such counsel may not be unreasonably withheld.

(iii) After notice from the Corporation to Indemnitee of its election to assume the defense, the Corporation will not be liable to Indemnitee under this Article XI for any legal or other expenses subsequently incurred by Indemnitee in connection with such defense. However, Indemnitee shall continue to have the right to employ its counsel in such proceeding, at Indemnitee's expense; and if:

(a) The employment of counsel by Indemnitee has been authorized by the Corporation;

(b) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Corporation and Indemnitee in the conduct of such defense;

(c) The Corporation shall not in fact have employed counsel to assume the defense of such proceeding, then the fees and expenses of Indemnitee's counsel shall be at the expense of the Corporation; and

(d) The Corporation shall not be entitled to assume the defense of any proceeding brought by or on behalf of the Corporation or as to which Indemnitee shall reasonably have made the conclusion that a conflict of interest may exist between the Corporation and Indemnitee in the conduct of the defense.

11.4.2 Information to Be Submitted and Method of Determination and Authorization of Indemnification.

(i) For the purpose of pursuing rights to indemnification under this Article XI, Indemnatee shall submit to the Developmental Board a sworn statement requesting indemnification and reasonable evidence of all amounts for which such indemnification is requested (together, the sworn statement and the evidence constitute an "Indemnification Statement").

(ii) Submission of an Indemnification Statement to the Developmental Board shall create a presumption that Indemnatee is entitled to indemnification hereunder, and the Corporation shall, within sixty (60) days thereafter, make the payments requested in the Indemnification Statement to or for the benefit of Indemnatee, unless: (a) within such sixty- (60-) day period it shall be determined by the Corporation that Indemnatee is not entitled to indemnification under this Article XI; (b) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and (c) Indemnatee shall receive notice in writing of such determination, which notice shall disclose with particularity the evidence upon which the determination is based.

(iii) At the election of the President of the Corporation, the foregoing determination may be made by either: (a) a committee chosen by written consent of a majority of the Trustees of the Corporation, and consisting solely of two or more Trustees not at the time parties to the proceeding; or (b) as provided by RCW 23B.08.550, as amended.

(iv) Any determination that Indemnatee is not entitled to indemnification, and any failure to make the payments requested in the Indemnification Statement, shall be subject to judicial review by any court of competent jurisdiction.

11.4.3 Special Procedure Regarding Advance for Expenses.

(i) An Indemnatee seeking payment of expenses in advance of a final disposition of the proceeding must furnish the Corporation, as part of the Indemnification Statement:

(a) A written affirmation of Indemnatee's good faith belief that Indemnatee has met the standard of conduct required to be eligible for indemnification; and

(b) A written undertaking, constituting an unlimited general obligation of Indemnatee, to repay the advance if it is ultimately determined that Indemnatee did not meet the required standard of conduct.

(ii) If the Corporation determines that indemnification is authorized, Indemnatee's request for advance of expenses shall be granted.

11.4.4 Settlement. The Corporation is not liable to indemnify Indemnatee for any amounts paid in settlement of any proceeding without the Corporation's written consent. The Corporation shall not settle any proceeding in any manner that would impose any penalty or limitation on Indemnatee without Indemnatee's written consent. Neither the Corporation nor Indemnatee may unreasonably withhold its consent to a proposed settlement.

11.5 Contract and Related Rights.

11.5.1 Contract Rights. The right of an Indemnatee to indemnification and advancement of expenses is a contract right upon which Indemnatee shall be presumed to have relied in determining to serve or to continue to serve in his or her capacity with the Corporation. Such right shall continue as long as Indemnatee shall be subject to any possible proceeding. Any amendment to or repeal of this Article XI shall not adversely affect any right or protection of an Indemnatee with respect to any acts or omissions of such Indemnatee occurring prior to such amendment or repeal.

11.5.2 Optional Insurance, Contracts and Funding. The Corporation may:

(i) Maintain insurance, at its expense, to protect itself and any Indemnatee against any liability, whether or not the Corporation would have power to indemnify the individual against the same liability under RCW 23B.08.510 or .520, or a successor statute;

(ii) Enter into contracts with any Indemnatee in furtherance of this Article XI and consistent with applicable law; and

(iii) Create a trust fund, grant a security interest or use other means (including without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article XI.

11.5.3 Severability. If any provision or application of this Article XI shall be invalid or unenforceable, the remainder of this Article XI and its remaining applications shall not be affected thereby, and shall continue in full force and effect.

11.5.4 Right of Indemnatee to Bring Suit. If (i) a claim under this Article XI for indemnification is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation or (ii) a claim under this Article XI for advancement of expenses is not paid in full by the Corporation within twenty (20) days after a written claim has been received by the Corporation, then Indemnatee may, but need not, at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. To the extent successful in whole or in part, Indemnatee shall be entitled to also be paid the expense (to be proportionately prorated if Indemnatee is only partially successful) of prosecuting such claim.

11.5.5 No Presumption. Neither: (i) the failure of the Corporation (including its Developmental Board of Trustees or independent legal counsel) to have made a determination prior to the commencement of such proceeding that indemnification or reimbursement or

advancement of expenses to Indemnatee is proper in the circumstances nor (ii) an actual determination by the Corporation (including its Developmental Board of Trustees or independent legal counsel) that Indemnatee is not entitled to indemnification or to the reimbursement or advancement of expenses shall be a defense to the proceeding or create a presumption that Indemnatee is not so entitled.

11.6 Exceptions to Corporation's Obligations. Any other provision herein to the contrary notwithstanding, the Corporation shall not be obligated pursuant to the terms of these Developmental Bylaws to indemnify or advance expenses to Indemnatee with respect to any proceeding involving claims:

(i) initiated or brought voluntarily by Indemnatee and not by way of defense, except with respect to proceedings brought to establish or enforce a right to indemnification under these Developmental Bylaws or any other statute or law or as otherwise required under the statute; but such indemnification or advancement of expenses may be provided by the Corporation in specific cases if the Board of Trustees finds it to be appropriate;

(ii) instituted by Indemnatee to enforce or interpret Article XI, if a court of competent jurisdiction determines that each of the material assertions made by Indemnatee in such proceeding was not made in good faith or was frivolous;

(iii) for which any of the expenses or liabilities for which indemnification is being sought have been paid directly to Indemnatee by an insurance carrier under a policy of officers' and directors' liability insurance maintained by the Corporation; and

(iv) with respect to which the Corporation is prohibited by applicable law as then in effect from paying such indemnification and/or advancement of expenses. For example, the Corporation and Indemnatee acknowledge that the Securities and Exchange Commission (the "SEC") has taken the position that indemnification is not possible for liabilities arising under certain federal securities laws, and federal legislation prohibits indemnification for certain ERISA violations. Indemnatee understands and acknowledges that the Corporation has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Corporation's right to indemnify Indemnatee.

## **ARTICLE XII**

### **MISCELLANEOUS**

12.1 Meetings Related to Negotiation of Transmission Agreements. Except for meetings at which attendance is otherwise limited by the Developmental Board of Trustees for good cause, including without limitation a need to discuss legally sensitive matters, the Developmental Board of Trustees shall ensure that in-person meetings scheduled by the Corporation to which transmission owners and operators in the Geographic Area are invited and are intended to discuss and negotiate provisions of the Transmission Agreements to be offered to

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such transmission owners are open to Members and to those transmission system customers with contracts for services from transmission owners or operators within the Geographic Area. The Developmental Board of Trustees shall state the basis for its finding of good cause either in the agenda for the meeting or on the Grid West Web site promptly following the meeting. Periodically during such meetings, the Members and qualified transmission system customers shall be given a timely opportunity to voice their opinions on the topics being discussed at such meetings. Nothing in this subsection shall prohibit informal contacts (such as telephone communications) between transmission owners and operators and Corporation representatives necessary to facilitate the negotiating process.

**For purposes of discussion, four alternatives are presented for the RRG to consider. The Bylaws Work Group has narrowed the alternatives for the RRG to consider. Each alternative addresses the question of how to gauge “regional consensus” for moving forward and when to do so. If the consensus is to have a Member vote, the following language or concepts should be included in the chosen alternative:**

12.2 Member Vote Related to Adoption of Operational Bylaws.

12.2.1 Prior to the Member ~~/[advisory]~~ vote described below, the Board of Trustees shall develop and distribute to the Members a business plan to be recommended to the Operational Board for provision of the services anticipated to be offered within the first two (2) years of the Operational Stage in a manner that is cost-effective and controls costs, including consideration of contracting for services to carry out the Corporation’s responsibilities.

12.2.2 Member Right to Vote on Adoption of Operational Bylaws. Prior to taking any action to adopt the Operational Bylaws, the Board of Trustees shall conduct a[n advisory] Member vote on whether the Board of Trustees should adopt the Operational Bylaws as soon as practical after it determines that:

(i) A risk-and-rewards analysis of commencing commercial operations of Grid West has been completed;

(ii) At least two (2) investor-owned utilities have indicated that the Transmission Agreement offered by Grid West has been or will be submitted to the appropriate regulatory authority for any necessary review and approval; and

(iii) The Bonneville Power Administration has indicated that the proposed Transmission Agreement with Grid West will be the proposal made available for public review and comment prior to the Administrator’s issuing a Record of Decision.

12.2.3 Conduct of Member Vote.

[Alternative 1] If a majority of the Member voting power votes to approve adoption of the Operational Bylaws, the Board of Trustees must adopt the Operational Bylaws without further Member action. The Member vote required by Section 12.2.1 shall be subject to all applicable requirements of these Developmental Bylaws concerning providing notice of and conducting Member meetings (including, without limitation, Sections 5.13 and 5.14).

[Alternative 2] The advisory vote required by Section 12.2.1 shall be subject to Section 5.15. If the advisory vote of the Members fails to support adoption of the Operational Bylaws, the Board of Trustees will not adopt the Operational Bylaws without consulting with the Regional Representatives Group and Governmental Committee and considering the appropriateness of moving to the Operational Stage.



**~~Alternative 1: Retain the vote of “no confidence” originally suggested by the Bylaws workgroup.~~**

~~12.2 Member Vote Related to Offer of Transmission Agreements.~~

~~12.2.1 Member Right to Vote on Proposal to Make Initial Offer. If the Developmental Board of Trustees proposes to make an offer of the initial form of Transmission Agreements to transmission owners and operators (including any Transmission Agreements to be offered to a Canadian transmission owner or operator), the Developmental Board of Trustees shall, before making the initial offer, submit to a vote of the Members the question of whether the Members support the making of the initial offer (including posting or otherwise making available for Member review the proposed form or forms of Transmission Agreements to be offered), subject to all applicable requirements of these Developmental Bylaws concerning providing notice of and conducting Member meetings (including without limitation Sections 5.13 and 5.14). [Clarified in definition of Transmission Agreement]~~

~~12.2.2 Effect of Member Override Vote. If the Members vote to override the Developmental Board of Trustees’ proposal to make the initial offer in accordance with Section 5.14.2, then the Developmental Board of Trustees shall not proceed with the offer of the proposed form or forms of Transmission Agreements.~~

~~12.2.3 Board Options Following Member Override Vote. Following a Member vote to override the Developmental Board of Trustees’ proposal to make the initial offer of Transmission Agreement, the Developmental Board of Trustees may (i) discontinue work to develop Transmission Agreements to offer to transmission owners or operators or (ii) modify the form or forms of Transmission Agreements that the Developmental Board of Trustees proposes to offer to transmission owners and operators and resubmit the Transmission Agreements as modified to a Member vote in the same manner as provided in Section 12.2.1. If, following a Member override vote, the Developmental Board of Trustees does not have sufficient time before the deadline specified in Section 13.1 to modify the form or forms of Transmission Agreements and resubmit them as modified to a Member vote, then, if the Developmental Board of Trustees elects to modify the form or forms of Transmission Agreements and resubmit them to a Member vote, the deadline specified in Section 13.1 shall be extended by ninety (90) days, on a one-time-only basis.~~

**~~Alternative 2: Delete Section 12.2 “Member Vote Related to Offer of Transmission Agreements” and related sections.~~** Leave the determination of whether there is sufficient support to offer the initial Transmission Agreements or to move to the Operational Stage (once the Bonneville Power Administration and two (2) other contiguous investor-owned utilities have agreed to execute Transmission Agreements) to the judgment of the Developmental Board.

**~~Alternative 3: Replace Section 12.2 with the following section which provides for a simple majority affirmative vote to move forward to the Operational Stage.~~**

~~12.2 Member Vote Related to Adoption of Operational Bylaws. If a majority of the Member voting power votes to approve adoption of the Operational Bylaws, the Board of~~

~~Trustees must adopt the Operational Bylaws without further Member action. The Board of Trustees must conduct the Member vote as soon as practical after:~~

~~12.2.1 The Administrator of the Bonneville Power Administration has issued a Record of Decision in support of executing a Transmission Agreement negotiated with the Corporation;~~

~~12.2.2 At least two (2) investor-owned utilities contiguous to the Bonneville Power Administration have indicated in writing to the Corporation that they are prepared to execute the Transmission Agreement negotiated with the Corporation, provided, however, the investor-owned utilities are not required to have obtained state approval but are not precluded from having done so.~~

~~If the Members fail to approve adoption of the Operational Bylaws, the Board of Trustees may resubmit the matter to a vote of the Members no later than ninety (90) days from the date of the prior Member vote. Otherwise, the Board of Trustees must adopt a resolution to dissolve the Corporation and shall submit the resolution to a vote of the Members in accordance with Section 5.12.2. Unless the Members vote to override the Board of Trustees resolution to dissolve the Corporation as provided in Section 5.14.2, the Board of Trustees shall promptly proceed with dissolving the Corporation.~~

**~~Alternative 4: Replace Section 12.2 with the following section which provides for an advisory vote to move forward to the Operational Stage.~~**

~~12.2 Advisory Member Vote Related to Adoption of Operational Bylaws. The Board of Trustees must conduct an advisory Member vote as soon as practical after:~~

~~12.2.1 The Administrator of the Bonneville Power Administration has issued a Record of Decision in support of executing a Transmission Agreement negotiated with the Corporation;~~

~~12.2.2 At least two (2) investor-owned utilities contiguous to the Bonneville Power Administration have indicated in writing to the Corporation that they are prepared to execute the Transmission Agreement negotiated with the Corporation; provided, however, the investor-owned utilities are not required to have obtained state approval but are not precluded from having done so.~~

~~If the advisory vote of the Members fails to support adoption of the Operational Bylaws, the Board of Trustees will not adopt the Operational Bylaws without consulting with the Regional Representatives Group and Governmental Committee and considering the appropriateness of moving to the Operational Stage.~~

~~12.3 Fiscal Year. The fiscal year of the Corporation shall be the calendar year.~~

~~12.4 Corporation Seal. The Corporation may have a seal as specified by resolution of the Interim or Developmental Board of Trustees. Such seal may be affixed to any and all corporate instruments, but failure to affix it shall not affect the validity of any instrument.~~

12.5 Notices. Except as and to the extent otherwise provided in these Developmental Bylaws, any notice required or permitted to be given under or pursuant to these Developmental Bylaws shall be required to be delivered to the intended recipient party either by first-class mail, in person, by facsimile equipment providing written confirmation of completed transmission, or by electronic mail at such party's address, facsimile number, or electronic mail address provided to the Secretary of the Corporation in accordance with the requirements of these Developmental Bylaws. Notices delivered by mail shall be effective when deposited in the U.S. or Canadian mail, with first-class postage thereon prepaid. Notices delivered in person shall be effective upon delivery, and notices sent by facsimile or electronic mail shall be effective upon completion of successful transmission. Any Person may change the address to which notices should be sent by giving notice of such change to the Secretary of the Corporation in accordance with the requirements of this Section 12.5.

12.6 Distribution of Assets upon Dissolution. Upon the dissolution or winding up of the Corporation, the Trustees shall, after paying, satisfying, discharging, or making adequate provision for payment of all of the liabilities and obligations of the Corporation, and subject to satisfaction of all applicable requirements of RCW 24.03.225 relating to dissolution, distribute all the remaining assets of the Corporation in accordance with the Articles of Incorporation.

## **ARTICLE XIII**

### **SUNSET AND TERMINATION**

13.1 Deadline to Offer Transmission Agreements. If the Developmental Board of Trustees has not offered Transmission Agreements to transmission owners and operators in the Geographic Area within twelve (12) months of the first meeting of the Developmental Board of Trustees, the Developmental Board of Trustees shall adopt a resolution to dissolve the Corporation and shall submit the resolution to a vote of the Members in accordance with Section 5.14.2, provided, however, that the period within which the Developmental Board of Trustees must offer Transmission Agreements under this Section 13.1 may be extended by ninety (90) days on a one-time basis as provided in Section 12.2.3. Unless the Members vote to override the Developmental Board of Trustees resolution to dissolve the Corporation as provided in Section 5.14.2, the Developmental Board of Trustees shall promptly proceed with dissolving the Corporation.

13.2 Deadline for Execution of Transmission Agreements. If the Bonneville Power Administration and at least two (2) investor-owned utilities with transmission systems contiguous with the Bonneville Power Administration's system in the Geographic Area do not execute Transmission Agreements within twelve (12) months of their offer, the Developmental Board of Trustees shall adopt a resolution to dissolve the Corporation and shall submit the resolution to a vote of the Members in accordance with Section 5.14.2. Unless the Members vote to override the Developmental Board of Trustees resolution to dissolve the Corporation as provided in Section 5.14.2, the Developmental Board of Trustees shall promptly proceed with dissolving the Corporation.

13.3 Board Discretion to Dissolve Corporation for Lack of Progress. If the Developmental Board of Trustees determines that sufficient progress cannot be made towards offering Transmission Agreements reasonably expected to be accepted by transmission owners and operators in the Geographic Area by the deadline specified in Section 13.1, the Developmental Board of Trustees may vote to dissolve the Corporation by an affirmative vote of not less than two-thirds (2/3) of the Trustees then in office. If the Developmental Board of Trustees resolves to dissolve the Corporation pursuant to this Section 13.3, the Developmental Board of Trustees must submit the matter to a vote of the Members in accordance with Section 5.14.2. Unless the Members vote to override the dissolution as provided in Section 5.14.2, the Developmental Board of Trustees may proceed with dissolution following the Member vote.

13.4 Actions Triggering Regulatory Jurisdiction Voided. Should the Corporation take any action during its Developmental Stage on the basis of which any regulatory entity with jurisdiction over electric utility facilities or services asserts jurisdiction over the Corporation, the Corporation's action shall be void *ab initio*. If, after the action is deemed void pursuant to the preceding sentence, the regulatory entity exercises jurisdiction over the Corporation during the Developmental Stage, the Board of Trustees shall immediately dissolve the Corporation (without submitting the matter to any Member vote).

## **EXHIBIT A**

### **EMPLOYEES CONDUCT RULES**

The Conduct Rules for officers, employees, and substantially full-time consultants and contractors of the Corporation are as follows:

I. DEFINITIONS. For purposes of these Conduct Rules, the following terms and definitions shall apply:

A. “Corporate Personnel” means each and all of the officers, employees, and substantially full-time consultants and contractors of the Corporation.

B. “Developmental Board of Trustees” means the Board of Trustees of the Corporation during the Corporation’s Developmental Stage.

C. “Person” means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint-stock company, trust, unincorporated organization, or government entity or political subdivision thereof, or any organization recognized as a legal entity by law in the United States or Canada.

D. “Related Person” of an individual means all of the following: an individual’s spouse, domestic partner, parents (including step-parents and in-laws), children (including step-children and in-laws), and siblings (including step-siblings and in-laws).

E. “Trustee” means a member of the Interim or Developmental Board of Trustees.

II. GENERAL STATEMENT.

A. The Corporation expects all Corporate Personnel to conduct business on behalf of the Corporation with integrity and high ethical standards. These Conduct Rules and the bylaws of the Corporation set forth guidelines for all Corporate Personnel to follow.

B. In general, Corporate Personnel should recognize and avoid conduct or activities that involve or might appear to involve a conflict of interest. Although it is impossible to list every circumstance that may suggest a possibility of a conflict of interest, some guidelines are as follows:

1. Corporate Personnel must not use any position with the Corporation for personal, private gain or benefit. In addition, Corporate

Personnel may not use nonpublic information obtained in connection with their duties or services to the Corporation to the detriment of the Corporation or for their direct or indirect personal gain or advantage or for the personal gain or advantage of any other Person, including, but not limited to, a Related Person of a Trustee or Corporate Personnel.

2. Corporate Personnel should avoid any action that might result in or create the appearance of inappropriate preferential treatment of any Trustee or Corporate Personnel, or any Related Person of any Trustee or Corporate Personnel.

3. Corporate Personnel may not at any time disclose any confidential or commercially sensitive information or trade secrets of the Corporation or that the Corporation obtains from third parties, except as and to the extent authorized by the Corporation's bylaws and any other rules of the Corporation.

4. Corporate Personnel should not engage in conduct or activities that conflict or are inconsistent with any activity of the Corporation or that would cause a reasonable person to believe the Corporate Personnel's judgment, loyalty, or objectivity might be influenced in a way that is adverse to the interests of the Corporation.

5. Corporate Personnel should take care to avoid adversely affecting the public's confidence in the integrity or the reputation of the Corporation. Corporate Personnel should be able to justify and withstand public scrutiny of their conduct and activities.

6. Corporate Personnel who serve on the boards of other entities (whether for-profit or nonprofit) must be meticulous in observing the rules of separate loyalty.

C. In considering the guidelines set forth in these Conduct Rules and the Corporation's bylaws, Corporate Personnel must remember that the relationships of their business associates, family, friends, and other Persons may give rise to a potential conflict of interest even if Corporate Personnel are not involved directly. A potential conflict can exist where the parties in the relationship give or receive, or could reasonably be perceived to give or receive, unfair advantage or preferential treatment because of the relationship. No Corporate Personnel should have a direct or indirect interest in or relationship with any outside Person or organization that might affect (or that might reasonably be perceived by others as affecting) the objectivity or independence of their judgment or conduct in carrying out their duties to the Corporation.

D. Corporate Personnel should be aware that even the appearance of a conflict of interest could harm the Corporation and should always try to avoid giving an appearance of impropriety. When in doubt, Corporate Personnel should disclose the circumstances to their supervisor or the President of the Corporation and obtain approval

in accordance with the procedures set forth in these Conduct Rules and the Corporation's bylaws.

### III. GENERAL CONFLICT-OF-INTEREST REQUIREMENTS.

A. Corporate Personnel must comply with all laws and regulations applicable to the conduct of the business of the Corporation, all policies established by the Interim or Developmental Board of Trustees, and these Conduct Rules. Corporate Personnel who become aware of any illegal conduct on the part of any other Corporate Personnel, or any conduct that is otherwise inconsistent with the requirements of these Conduct Rules, must promptly report such conduct to their supervisor or the President of the Corporation.

B. Corporate Personnel must not put themselves in a position in which their personal interests and those of the Corporation might be in conflict or that might interfere with their ability to perform their job as well as possible.

C. Corporate Personnel may not use any Corporation property or services for personal gain and may not remove or dispose of the materials, supplies, or equipment of the Corporation without proper authority.

D. Corporate Personnel and their Related Persons may not accept any form of gift, gratuity, or entertainment that would tend to affect or give the appearance of affecting their judgment in the performance of their duties; provided, however, that Corporate Personnel may accept (i) items such as food, refreshments, and entertainment in the course of a meal, theater event, sports event, or social event, and (ii) noncash gifts of a nominal value, such as pens, pencils, note pads, calendars, and other non-cash gifts received for a special occasion, in each case of a value not exceeding \$250 (U.S.) per source per year.

E. Corporate Personnel may not use funds or resources of the Corporation in support of any political party or candidate for elected office. Corporate Personnel may not use their position, authority, or influence with the Corporation for the purpose of affecting the result of an election or a nomination for a party for public office. Corporate Personnel may not directly or indirectly coerce, attempt to coerce, command, or advise another officer or employee to pay, lend, or contribute anything of value or to contribute personal services to a party, committee, organization, agency, or person for political purposes.

F. Corporate Personnel with responsibility to initiate or modify entries in the Corporation's accounting records must perform their duties with the Corporation's management's approval and in conformance with the Corporation's accounting policies and procedures.

G. Corporate Personnel may not, except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, withhold information from or

give false or misleading information to anyone conducting duly authorized investigations or audits of the Corporation.

IV. IMPLEMENTATION.

A. The Corporation will direct all Corporate Personnel to comply with applicable law and with these Conduct Rules. The Corporation will maintain reasonable means for assessing and monitoring all Corporate Personnel to ensure such compliance. The Corporation will instruct all Corporate Personnel to contact the Corporation's designated compliance officer if they have any questions regarding applicable law or these Conduct Rules.

B. The Corporation will distribute copies of these Conduct Rules to all Corporate Personnel. Copies of these Conduct Rules will be provided to any new Corporate Personnel as part of orientation.

C. The Developmental Board of Trustees may periodically evaluate the Corporation's experience with respect to employee conduct and compliance with these Conduct Rules and may revise these Conduct Rules, as well as any procedures associated with them, as it deems necessary or appropriate.

D. All Corporate Personnel are subject to discipline for failure to comply with any applicable law or for failure to comply with these Conduct Rules. Discipline may take the form of reprimand, suspension without pay, limitation in the scope of responsibilities, termination, or such other disciplinary action as is permitted by applicable law, in accordance with policies approved by the Developmental Board of Trustees.

E. Nothing in these Conduct Rules will in any way limit the Corporation's ability to hire, fire, promote, demote, discipline, or otherwise take employment-related action with respect to its Corporate Personnel.



**EXHIBIT B1**

**CONDUCT RULES**

**FOR INTERIM BOARD OF TRUSTEES**

These Conduct Rules for the members of the Interim Board of Trustees of the Corporation are as follows:

The Corporation expects all Trustees of the Corporation to conduct business on behalf of the Corporation with integrity and high ethical standards. All members of the Interim Board of Trustees should, at all times in their capacities as Trustees, (i) comply with the Corporation's bylaws and Board policies and (ii) carry out their fiduciary duties as Trustees of a nonprofit corporation under Washington law.

## **EXHIBIT B2**

### **CONDUCT RULES FOR**

#### **DEVELOPMENTAL BOARD OF TRUSTEES**

These Conduct Rules for the members of the Developmental Board of Trustees of the Corporation are as follows:

I. **DEFINITIONS.** For purposes of these Conduct Rules, the following terms and definitions shall apply:

A. **"Affiliate"** of a **"Person"** (as defined below) means a Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person. For purposes of these Conduct Rules, in determining whether one Person controls another Person: (i) without limitation, the direct or indirect ownership or control of or power to vote five percent (5%) or more of the outstanding voting securities of a corporation shall be deemed to constitute control of such corporation; (ii) members of any cooperative corporation shall not, merely by virtue of membership in such corporation, be deemed to be Affiliates of each other or of the cooperative corporation; (iii) members of any joint operating agency, joint powers authority, or comparable entity shall not, merely by virtue of membership in such joint operating agency, joint powers authority, or other such entity, be considered Affiliates of each other or of the joint operating agency, joint powers authority, or other such entity; (iv) separate agencies of a state or of the federal government shall not be considered Affiliates, regardless of any commonality of political control; (v) no tribal utility or tribal commercial enterprise shall be considered an Affiliate of any "Tribal Utility Regulatory Authority" (as defined in the Corporation's bylaws); and (vi) no Crown-owned utility shall be considered an Affiliate of any "State or Provincial Energy Authority" (as defined in the Corporation's bylaws).

B. **"Corporate Personnel"** means each and all of the officers, employees, and substantially full-time consultants and contractors of the Corporation.

C. **"Person"** means an individual, corporation, cooperative corporation, municipal corporation, quasi-municipal corporation, limited liability company, mutual association, partnership, limited partnership, limited liability partnership, association, joint-stock company, trust, unincorporated organization, or government entity or political subdivision thereof, or any organization recognized as a legal entity by law in the United States or Canada.

D. **"Related Person"** of an individual means all of the following: an individual's spouse, domestic partner, parents (including step-parents and in-laws), children (including step-children and in-laws), and siblings (including step-siblings and in-laws).

## II. GENERAL STATEMENT.

A. The Corporation expects all Trustees of the Corporation to conduct business on behalf of the Corporation with integrity and high ethical standards. These Conduct Rules and the bylaws of the Corporation set forth guidelines for all Trustees to follow.

B. In general, Trustees should recognize and avoid conduct or activities that involve or might appear to involve a conflict of interest. Although it is impossible to list every circumstance that may suggest a possibility of a conflict of interest, some guidelines are as follows:

1. Trustees must not use any position with the Corporation for personal, private gain or benefit. In addition, Trustees may not use nonpublic information obtained in connection with their duties or service to the Corporation to the detriment of the Corporation or for their direct or indirect personal gain or advantage or for the personal gain or advantage of any other Person, including, but not limited to, a Related Person of a Trustee or Corporate Personnel.

2. Trustees should avoid any action that might result in or create the appearance of inappropriate preferential treatment of any Trustee or Corporate Personnel, or any Related Person of any Trustee or Corporate Personnel.

3. Trustees may not at any time disclose any confidential or commercially sensitive information or trade secrets of the Corporation or that the Corporation obtains from third parties, except as and to the extent authorized by the Corporation's bylaws and any other rules of the Corporation.

4. A Trustee should not engage in conduct or activities that conflict or are inconsistent with any activity of the Corporation or that would cause a reasonable person to believe that the Trustee's judgment, loyalty, or objectivity might be influenced in a way that is adverse to the interests of the Corporation.

5. Trustees should take care to avoid adversely affecting the public's confidence in the integrity or the reputation of the Corporation. Trustees should be able to justify and withstand public scrutiny of their conduct and activities.

6. Trustees who serve on the boards of other entities (whether for-profit or nonprofit) must be meticulous in observing the rules of separate loyalty.

C. In considering the guidelines set forth in these Conduct Rules and the Corporation's bylaws, a Trustee must remember that the relationships of his or her business associates, family, friends, and other Persons may give rise to a potential conflict of interest even if the Trustee himself or herself is not involved directly. A potential conflict can exist where the parties in the relationship give or receive, or could reasonably be perceived to give or receive, unfair advantage or preferential treatment

because of the relationship. No Trustee should have a direct or indirect interest in or relationship with any outside Person or organization that might affect (or that might reasonably be perceived by others as affecting) the objectivity or independence of the Trustee's judgment or conduct in carrying out his or her duties to the Corporation.

D. Trustees should be aware that even the appearance of a conflict of interest could harm the Corporation, and should always try to avoid giving an appearance of impropriety. When in doubt, Trustees should disclose the circumstances to their fellow Trustees and follow the applicable procedures set forth in these Conduct Rules and the Corporation's bylaws.

### III. GENERAL CONFLICT-OF-INTEREST REQUIREMENTS.

A. Each Trustee must comply with all laws and regulations applicable to the conduct of the business of the Corporation, all policies established by the Developmental Board of Trustees, and these Conduct Rules. Any Trustee who becomes aware of any illegal conduct on the part of any other Trustee, or any conduct that is otherwise inconsistent with the requirements of these Conduct Rules, must promptly report such conduct to the Board of Trustees.

B. No Trustee may use any Corporation property or services for personal gain or remove or dispose of the materials, supplies, or equipment of the Corporation without proper authority.

C. No Trustee or Related Person of any Trustee may accept any form of gift, gratuity, or entertainment that would tend to affect or give the appearance of affecting his or her judgment in the performance of his or her duties; provided, however, that a Trustee may accept (i) items such as food, refreshments, and entertainment in the course of a meal, theater event, sports event, or social event and (ii) non-cash gifts of a nominal value such as pens, pencils, note pads, calendars, and other non-cash gifts received for a special occasion, in each case of a value not exceeding \$250 (U.S.) per source per year.

D. No Trustee may solicit or attempt to solicit for employment any individual who is then an employee of the Corporation; induce or attempt to induce any such employee to terminate his or her employment with the Corporation; take any other action that might reasonably interfere with or damage the Corporation's business opportunities or business relationships with its employees, lenders, creditors, customers, or other Persons with which the Corporation conducts business; or otherwise violate the Trustee's duty of loyalty to the Corporation.

E. Except as may be allowed by a recognized legal privilege or appropriate assertion of confidentiality, no Trustee may withhold information from or give false or misleading information to anyone conducting duly authorized investigations or audits of the Corporation.

IV. IMPLEMENTATION.

A. If any Trustee, or any Related Person of a Trustee, has a direct or indirect beneficial or other interest in, or relationship with, any Person (or any Affiliate of any Person) with which the Corporation transacts (or proposes to transact) business, the Trustee must fully disclose to the Board of Trustees the existence and nature of such interest or relationship and all applicable facts known to the Trustee that an ordinarily prudent person would reasonably believe to be material to a judgment about whether to proceed with the transaction. If the transaction is sufficiently material to require action by the Board of Trustees or one of its committees, any Trustee having a direct or indirect interest or relationship must refrain from voting on the matter, and all applicable action shall be undertaken in accordance with the Corporation's bylaws and applicable state law governing "interested" or "self-dealing" transactions involving nonprofit corporations.

B. Trustees must comply with applicable law. The Developmental Board of Trustees will maintain reasonable means for assessing and monitoring all Trustees to ensure such compliance. Trustees may consult counsel for the Corporation if they have any questions regarding applicable law or these Conduct Rules. Any Trustee that received a written opinion from counsel for the Corporation is entitled to rely on that opinion.

C. The Corporation will distribute a copy of these Conduct Rules to each of the Corporation's Trustees upon their election to the Developmental Board of Trustees and not less often than once a year thereafter. All Trustees must complete an annual disclosure questionnaire regarding compliance with the Corporation's bylaws and the provisions of these Conduct Rules.

D. The Developmental Board of Trustees may, by approval of two-thirds of its members, remove from the Developmental Board of Trustees any Trustee who fails to comply with any applicable law or fails to comply with any provision of these Conduct Rules.

*Proposed Developmental Bylaws Revisions dated June 8, 2004  
(cumulative redlined version from RRG version posted May 19, 2004)*

**EXHIBIT C**

**LIST OF REGIONAL REPRESENTATIVES GROUP MEMBERS**

*Proposed Developmental Bylaws Revisions dated June 8, 2004  
(cumulative redlined version from RRG version posted May 19, 2004)*

**EXHIBIT D**

**OPERATIONAL BYLAWS**

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**EXHIBIT E**  
**Illustrative Member Vote Calculation Example**  
**Tabulation by Member Class and Member Sub-Class**

Assumptions: Each Member Class has a total voting strength equal to six votes (total voting power of all Members = 30).

All Members in all Member Classes and Member Sub-Classes were present at meeting and cast votes.

Test: Four out of the five Member Classes must approve by two-thirds of total Member Class voting power – TEST PASSED.

<b>EXAMPLE BASIC DATA ON MEMBERS AND ALLOCATION OF VOTING POWER</b>					
	<b>MTU Class</b>	<b>TDU Class</b>	<b>Generators, Power Marketers, and Others Class</b>	<b>Energy Authorities/ Tribes/Certain Public Interest Groups</b>	<b>End-Use Consumer Class</b>
<b>Membership Numbers</b>	20 voting Members	40 voting Members	Gens & Pwr Mktrs – 100 Others – 22 Total: 122	Energy Authorities – 10 Tribes – 20 Certain PI – 10 Total: 40	Large Bundled – 12 Large Unbundled – 10 Consumer Advocates – 7 Total: 29
<b>Sub-Class Voting Strength (out of six total Member Class votes)</b>	There are no Sub-Classes but only Members that fund are entitled to vote. <u>[Voting proposal under discussion]</u>	Not applicable <u>[Sub-classes under discussion]</u>	Gens & Pwr Mktrs – 5 Others – 1	Energy Authorities – 4 Tribes – 1 Certain PI – 1	Large Bundled – 2 Large Unbundled – 1 Consumer Advocates – 3

<b>CALCULATION OF HYPOTHETICAL VOTE (all members of all classes voting)</b>					
	<b>MTU Class</b> <u>[Examples may change after class issues resolve]</u>	<b>TDU Class</b> <u>[Examples may change after class issues resolved]</u>	<b>Generators, Power Marketers, and Others Class</b>	<b>Energy Authorities/ Tribes/Certain Public Interest Groups</b>	<b>End-Use Consumer Class</b>
<b>“Yes” Votes Cast</b>	15	20	Gens & Pwr Mktrs – 70 Others – 11	Energy Authorities – 9 Tribes – 14 Certain PI – 7	Large Bundled – 12 Large Unbundled – 10 Consumer Advocates – 7
<b>“No” Votes Cast</b>	5	20	Gens & Pwr Mktrs – 30 Others – 11	Energy Authorities – 1 Tribes – 6 Certain PI – 3	Large Bundled – 0 Large Unbundled – 0 Consumer Advocates – 0
<b>Tabulation of Voting Weight Results (out of six) for Member Class as a Whole</b>	Yes – 4.5 No – 1.5	Yes – 3 No – 3	Yes – 4 No – 2	Yes – 5 No – 1	Yes – 6 No – 0



*Proposed Developmental Bylaws Revisions dated June 8, 2004  
(cumulative redlined version from RRG version posted May 19, 2004)*

**EXHIBIT F**

**NARRATIVE DESCRIPTION OF RRG PLATFORM GROUP REGIONAL PROPOSAL**

**EXHIBIT G**

**DEVELOPMENT STAGING TABLE**